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JPRS 81341

22 July 1982

# West Europe Report

No. 2001

19980909 156

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## NEW TERRORIST MOVEMENT FEARED IN BERLIN

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 18 Jun 82 p 3

[Article by Hans Hailbach: "'Guerrilla Diffusa'--The Widespread Attack Upon the State. From Apartment Squatting to Terrorism/A Study by the Berlin Office for the Defense of the Constitution"]

[Text] According to a confidential study prepared by Berlin internal affairs authorities, that city's militant protest movement, which at the moment is almost exclusively dedicated to the "Haeuserkampf" [problems related to illegal apartment occupancy], has taken on "increasingly terroristic character." A new kind of terrorism has come into being, described by its practitioners by the term "Guerrilla Diffusa." Security authorities have expressed concern that this terrorism may be no less dangerous than that practiced by the Red Army Faction (RAF) during its peak years of the 1970's.

Like the Revolutionary Cells, the militant apartment squatters were waging a "struggle against the pig system" with what authorities cited as "a terrorism for everyday, a terrorism for everybody." It is said to be aimed not at individual houses or sections of the city, but directed squarely against the constitutional order and security of the Federal Republic, including Berlin.

The criteria for the trend to terrorism are to be found not only in the "political motivation and goals" of the militant protest movement, but also the participation of a relatively high percentage of persons from the leftwing extremist terrorist movement and its outer field in serious criminal actions committed in conjunction with illegal occupation of apartment buildings in Berlin. From December 1980 until early April of this year, according to the study, "elements of the terrorist outer field" together with persons from the "squatter scene" were responsible for 143 incidents of arson and bombings on the pattern of the Revolutionary Cells.

Within the traditional terrorist outer field, the "Haeuserkampf" has led to new lines of thought among the followers of the former "Second of June Movement" and the "legal" RAF domain (experts regard the "legal RAF" as comprising those persons who identify with the terrorists and their actions but are not themselves subject to criminal prosecution). According to the Office for the Defense of the Constitution these persons are primarily

followers of the now defunct criminal association, "Second of June Movement," and are regarded as providing the potential strength of the "resistance by the little man to suppression by those in power" proclaimed and carried out by this group. The "legal RAF," on the other hand, still caught in its elitist claim to be the only truly aggressive force within German leftwing terrorism, at first looked on the militant element of the house squatters as a movement which could serve it as a source of recruits or support for its own demands.

the activities of the militant apartment house squatters have recently been incorporated into the "rethinking" of the RAF outer field. Since the end of last year an "autonomous group" has existed in the Berlin district of Kreuzberg which is made up of RAF followers and apartment squatters. The group is said to see itself following the political line of the RAF, as for example in the "struggle against U.S. imperialism in all its forms;" it rejects, however, the hierarchical command structure of the RAF. This group is said to promote militant actions on the pattern of those of the Revolutionary Cells and there are indications--such as their acceptance of responsibility for actions in the jargon of the old RAF--pointing to the possibility that recent outrages have been carried out by this group.

After the collapse of the so-called K-Groups and the terrorist Red Army Faction, a protest movement has arisen since mid-1980 from the new subculture of the growing alternative movement which, according to the Berlin study, while evidencing "a narrower ideological foundation" than the old student protest movement of the 1960's, is consciously and definitely committed to violence as a means of political struggle "in practical action." This struggle is focused directly on the state's intrusion by planning or decision into the world, or what they perceive as such, of their own experience; against the norms, values and life styles of the industrial society.

The study asserts that there are numerous reasons for the origin and development of an alternative culture in Berlin having found a "particularly fertile seedbed." The main "realms of action" were to be found in construction, tenancy and urban renewal policy. The violence exercised against persons and property has, in the meantime, become so everyday an occurrence that it no longer needs the occupation of apartment houses as a purported cause. The "justification" for violent excesses on the street could be found in any other political issue--whether a trade union peace demonstration, the visit of U.S. Secretary of State Haig last fall or, as now, the visit of the U.S. President or even the mention of the word El Salvador.

In the view of the Berlin Office for the Defense of Constitution, the militant apartment squatter movement is made up of "freaked-out members of the alternative movement, students, part-time workers, punks and anarcho-sponti elements." These persons view their "liberation from work" as a basic assumption for their "self-determined" life style. The practical recipe for such a mode of existence reads: "Rip off a little scholarship money here or unemployment benefits there, some fruit in a supermarket, pay no rent, a little insurance swindle once a year." Holding your hand out for state subsidy is regarded in the scene as "theft in the computer age."

The "Haeuserkampf" members have no defined organizational structure. Following the example of the terrorist "Revolutionary Cells," the state is to be attacked by "decentralized actions" in order to "shatter the whole of society." This militant assault must be "broadly spread" according to the will of its authors and "be dispersed over the many points of attack offered by the state." This is what the concept "Guerrilla Diffusa" conveys. Every "dialogue with those in power," as in the sense of negotiating a "legalization" of illegal tenancy, is firmly refused by the "Haeuserkampf" militants as being contrary to their "concept of themselves." They are said to be of the opinion that the "restoration squatter movement" has scarcely any future as an "independent revolt," for which reason they seek to expand the struggle over and beyond the illegally tenanted houses to a broader basis: The "Haeuserkampf" militants are said to be "proclaiming the resistance for the 1980's."

9878

CSO: 3103/518

## TERRORIST HOFMANN SENTENCED TO 15 YEARS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 18 Jun 82 p 5

[Text] The Hesse State Court, after 46 days of deliberation, has sentenced Sieglinde Hofmann, aged 37, to 15 years imprisonment on charges of attempted kidnapping for the purpose of extortion, attempted taking of a hostage and membership in a criminal association. The accused, who was only present during the initial stages of the trial, was also excluded from the courtroom during her sentencing.

The trial was concerned with the issue of the murder of Juergen Ponto, the former chairman of the board of the Dresdner Bank. On 30 July 1977, the banker was killed in his home in Oberursel near Frankfurt by three persons belonging to the Red Army Faction (RAF). Among the three was Susanne Albrecht who is still being sought by police. She had succeeded in smuggling a man and another woman into the home of her godfather Juergen Ponto.

Neither the court nor the Federal prosecutor were of the persuasion that Sieglinde Hofmann was included among the three RAF members who were present in Ponto's home on 30 July 1977. The court held Ponto's death to be murder. The RAF had attempted to kidnap Ponto in order to effect the release of imprisoned members of the RAF; this attempt failed when Ponto made a vigorous effort to defend himself. According to statements of Frau Ponto, who witnessed the event, her husband had nearly succeeded in overpowering the male accomplice of Susanne Albrecht. At that point the other woman fired at Ponto; the court was inclined to believe that this was Brigitte Mohnhaupt.

The court was convinced that Sieglinde Hofmann was not present at the scene of the crime but that she had been involved in its preparation. A few hours before the killing, according to the former RAF courier Hans-Joachim Dellwo, he had seen and spoken with Sieglinde Hofmann and six other RAF terrorists in a hideout in Frankfurt's Birminghamstrasse. The court assumed that this had been the operational headquarters of the RAF where the plans for Ponto's kidnapping had been drawn up.

The presiding judge, Schaefer, said that the court would have condemned the accused to a life term in prison if the French Government had not made it a condition of her extradition that she could not be tried for murder--Sieglinde Hofmann had been arrested in Paris. For the court the issue was Ponto's death as murder and for the accused, her complicity. However, since this offense could not be taken into account, there remained, along

with the charge of membership in the RAF, the charges of attempted kidnapping with intent of extortion and the attempted taking of a hostage. According to criminal law, the court could have passed a sentence of life imprisonment--as in the case of murder--if the perpetrators had negligently caused the death of the victim. Yet negligence was ruled out in the view of the court. The court decided upon the highest admissable penalty called for by the Federal prosecutor; it was also unable to accept mitigating circumstances. The accused, according to the court, had to the very end maintained her "attitude of contempt of human life and hostility to the state." The presiding judge remarked: "There is no right of resistance to the constitutional state. Everyone has the right to seek change in society. Everyone is free to advance his dissident theories and to promulgate them but without violence."

9878

CSO: 3103/518

## WESTERN TECHNOLOGY TRANSFER AIDS CEMA ECONOMY, MILITARY

Bonn DIE WELT in German 27 Apr 82 p 9

[Text] The generous transfer of highly developed technologies to the East results in the fact that taxpayers in NATO countries help finance a considerable part of the Warsaw Pact armament in addition to their own defense budgets. But the legal export is not enough for the Kremlin. While the West promulgated the motto "Peaceful Trade for Detente," the Eastern bloc pursued technological and industrial espionage. The fifth sequence of articles on trade with the East, transfer of technology and Western security describes the aiding and abetting by the West.

The severe Soviet arms buildup since the mid-1960's is based in large part on technologies which were first developed by the United States and its allies. This is true for all basic technologies such as computers, micro-electronics and intelligence technology, plus the overwhelming majority of battlefield technologies: Aircraft, ships, engines, etc.

The Soviet Union, with the help of its allies, obtained technology and production know-how for modern arms to a high percentage legally through normal Western technology transfer. Western machine tools, digital control technologies (NC technologies) and computers are good examples because of their unspecified use. Without these technology infusions the Soviet Union could today neither guarantee nor maintain for years--neither qualitatively nor quantitatively--its high rate of production of missiles, aircraft, navy and army equipment.

While the U.S. taxpayer allows an annual production of only 500 to 700 tanks, the Soviets have produced 2,500 to 3,000 tanks annually since the mid-1970's. Even if this happens in part at the expense of their agricultural machine production, this rate cannot be achieved without Western machine tool technology.

## An Army of Plotters and Spies

The Soviet Union and the other CEMA nations are therefore highly dependent on Western machine tool imports and know-how. In 1967, exports from the West to the Soviet Union amounted to \$75 million. From 1970 to 1980, the Soviet Union received \$4.5 billion worth of machine tools, about one-fourth of which were digital control machine tools. The majority of them were NC turning machines and processing centers.

Certain types of NC machines are on the CoCom list because of their great significance for the defense industry. The FRG is by far the biggest exporter of all CoCom members of machine tools to the Eastern bloc. In the opinion of security experts, the generous German export policy of the 1970's should be evaluated in this sector also. The same is true for some of the questionable scientific-technical agreements with the Soviet Union about machine tool building.

EPV technology and microelectronics have great significance not only for the economy. Weapons systems without electronic components are no longer thinkable today. Every fourth dollar of the U.S. defense budget is spent on microelectronics. The same is true for the modern weapons systems of the Soviet Union.

A huge army of scientists, engineers and spies is working for the Eastern computer technology and microelectronics. In the Soviet Union alone, 11 giant civilian research and development centers deal with computer technology and electrical components. In spite of this enormous investment of capital, labor and research, they have succeeded neither in any technological breakthrough nor in the establishment of a real computer industry spanning the Eastern bloc. Only by taking over Western technology have they been able to reduce the gap between West and East in the area of computer technology and microelectronics.

The ESER, an IBM duplication, is most widely distributed in the Eastern bloc. Klaus Krakat from the Joint German Economic and Societ Research Institute also traces the majority of mini and microcomputers to Western licenses and copied systems.

In 1978/79, the Soviet computer industry had an annual production rate of 2,000 to 3,000 EDV installations. The largest part of all computer and integrated switching networks goes directly to the armed forces. The civilian sector of the economy is supplied by the other CEMA nations. Experts estimate that there are about 35,000 computers installed in the Soviet Union. For reasons of flexibility, capacity and operational security, only computers, mini- and micro-processors imported from the West legally or illegally operate in all important centers in the economy, administration, defense and the armed forces.

The fact that the East is so far behind in the area of computer technology and microelectronics has always given Western enterprises the hope for an opening of the market with the perspective of great profit potential. In addition to Western security interests, they are opposed by the strict

Eastern strategy of not wanting to become directly dependent on Western technology in this important sector. This means that anything which will help reduce the technological gap is welcome and may be exported to the East. This does not mean an export monopoly of one enterprise in the West, but rather a lot of Western knowhow: Production technology, licenses, software and, above all, information gained by so-called technical-scientific cooperation agreements.

From 1972 until the end of 1979, the entire Eastern bloc officially received from CoCom members approximately \$1.2 billion worth of computer equipment (large, minicomputer systems, peripheral equipment, know-how and replacement parts).

Until 1970, all CoCom countries strictly followed the rule for strategic exports and between 1950 and 1970, they delivered computer equipment valued at approximately \$20 million to the Soviet Union. In 1971 it was already \$10 million and at the beginning of the "detente euphoria" in 1972, the amount jumped to \$27 million. Between 1972 and the end of 1979, CoCom members exported computer equipment having a total value of \$470 million to the Soviet Union.

The CoCom Organization, which is in charge of export of strategic goods to the Eastern bloc, did not want to create too great an impediment to business interests of Western enterprises. The export criteria were liberalized during the 1970's. A table of all CoCom applications for computer exports to the CEMA countries which were granted shows the importance of these technologies for the civilian, but above all the military sector of the Warsaw Pact.

Country	In Millions of Dollars	Percentage Participation
Belgium/Luxemburg	14,849	0.7
FRG	683,962	34.1
Denmark	13,234	0.7
France	228,703	11.
Great Britain	43,434	2.2
Italy	223,540	11.2
Japan	338,700	16.9
Canada	7,267	0.4
Netherlands	10,007	1.0
Norway	1,364	0.1
Austria	72,880	3.6
Sweden	75,196	3.8
Switzerland	98,311	4.9
United States	182,748	9.1
	2,003,195	100.0

During the 1970's, the United States was by far the biggest exporter of computer equipment to the Eastern bloc. For years, its share of the exports to the Soviet Union was almost two-thirds as opposed to the other CoCom members.

As a reaction to the Soviet invasion in Afghanistan, President Carter imposed an embargo. Since 1980 there has been no computer technology export to the Soviet Union. The other CoCom members also reduced their exports.

#### Illegal and Covert Technology Transfer

The generous legal transfer of highly developed technologies not only furthers the exhausting arms race between East and West, but it also leads to the anachronistic fact that the taxpayer in a NATO country helps finance a considerable part of the Warsaw Pact armament in addition to his own defense budget. But the legal transfer is not enough for the East bloc. While in the beginning of the 1970's the West offered its technical potential under the motto "Peaceful Trade and Detente," the East pursued technological and industrial espionage. This development was favored by the West in many different ways. The following factors substantiate this:

1. Missing or insufficient national legislation. In the FRG, e.g., the illegal transfer of strategic goods is treated merely as a misdemeanor.
2. In the opinion of experts, too much of a fixation by Western intelligence and counterintelligence on the armed forces instead of the technological potential of the Warsaw Pact. In addition, an insufficient multilateral cooperation and coordination of services in defending against Eastern technology espionage and illegal transfer.
3. The CoCom Organization does not have a common export control strategy. The development and implementation of such a strategy is long overdue.
4. There is no or only minimal exchange of data and experiences about illegal technology transfer between export control and customs officials.
5. Much too little importance is given to the export of scientific know-how which has civilian and military use potential. Until February 1980, e.g., the Soviets annually subscribed to approximately 80,000 publications of the U.S. Technical Information Center. This center collects and publishes research papers of the most varied kind--from international terrorism to the actual state of nuclear, material and laser research.
6. The covert technology transfer to the East through conferences, symposia, and exchange of scientific correspondence. One example of U.S.-Soviet student exchange: The American students are between the ages of 18 and 23. They study primarily languages, history, geography, literature and music in the Soviet Union. The "Soviet students" are on the average 35 years old and have approximately 8 years of highly specialized professional experience in fields such as computer technology, NC technology, laser technology, photoelectronics--up to 90 percent strategic technologies.

7. Eastern espionage and the illegal transfer of technology are furthered by sometimes lacking sensitivity and security measures in enterprises, research and development centers.

According to serious estimates, the Warsaw Pact receives annually about \$2 million worth of illegally obtained strategic goods and technologies from CoCom member nations (NATO without Iceland, but including Japan). Since the United States has all modern basic and weapons technologies and since it is leading in research and development, it is the primary target for Eastern technology espionage and illegal transfer.

The next sequence: A look at Eastern technology espionage in the FRG and allied nations. In addition to secret service agents, the Kremlin uses its embassies, trade centers and consulates for illegal transfer.

9328

CSO: 3103/524

## CYPRUS BANK OPENS BRANCH IN ATHENS

Nicosia CYPRUS WEEKLY in English 18-24 Jun 82 p 3

[Text]

The Bank of Cyprus has made the necessary preparations for the opening of a representative office in Athens--the first Cypriot bank to expand its activities to Greece.

The Governor of the Bank, Mr Andreas Patsalides, and the General Manager of the Bank of Cyprus (Holdings) Ltd, Mr Evdokimos Xenophontos, visited Athens recently and had contacts on the matter with the Coordination undersecretary Mr I. Pottakis, the Governor of the Bank of Greece Mr. G. Arsenis, the Governor of the National Bank Mr G. Mangakis and managers of other commercial banks as well as Cypriot businessmen operating in Greece.

The results of their contacts were described as very satisfactory and the Bank of Cyprus decision to open an office in Athens was generally welcomed as a move that will contribute substantially to the further strengthening of economic ties between Greece and Cyprus and help in promoting cooperation between Greek and Cypriot businessmen.

CSO: 4600/608

## SOVIET PASSENGER SHIP CALLS AT LARNACA

Nicosia CYPRUS WEEKLY in English 18-24 Jun 82 p 16

[Text]

The 9,800-ton Soviet passenger ship the M/V Lev Tolstoy entering Larnaca harbour at the weekend on one of its regular stops at the island. The Lev Tolstoy, built in Poland in 1981, is the most recent passenger addition to the Odessa-based Black Sea Shipping Company. It can accommodate 410 cruise passengers in luxurious surroundings, and its cargo deck also has room for 150 cars. "For 22 years without interruption, since the establishment of the Cyprus Republic, Soviet passenger vessels have frequently called at our ports, both in winter and summer", said Mr Nicos Stephanou, Managing Director of Francoudi & Stephanou Ltd. and Director of the Scandinavian Near East Agency (Cyprus) Ltd. at a reception on board the ship in Larnaca harbour. "We sincerely believe that the scheduling of this vessel on this route will assist the further devel-

opment of both tourist and cargo traffic to and from Cyprus", he said. The Scandinavian Near East Agency (Cyprus) are the agents here of the Black Sea Shipping Company, which accounts for almost one-fifth of the Soviet Union's marine transport deadweight, a quarter of the total volume of shipments between the USSR and its trading partners, and nearly two-thirds of its passenger traffic. The Black Sea Shipping Company, through its Odessa-Alexandria line, operates a three-week luxury cruise from Odessa, calling at Varna, Istanbul, Pireaus, Larnaca, Latakia, Alexandria and vice-versa back to Odessa. Three passenger ships, the M/Vs Lev Tolstoy, Adjaria and Bashkiria cruise this route once a month during winter and once a fortnight during the peak summer season.

CSO: 4600/608

## BRIEFS

NEW CYPRUS-EGYPT SEA LINK--A sea-link between Cyprus and Egypt was established last week by the Greek ferry boat "San Andrea", which will also operate a Cyprus-Greece service weekly. The inaugural Limassol-Alexandria trip took place last Friday. Capt. George Gerimogiou, Managing Director of Achaic Lines S.A., owners of the vessel, said the line will have many positive benefits for all concerned. "We are in a new market and a new field of activity", he added. "We hope there will be encouraging results so we can develop the line and extend the period of operation". "San Andrea", has a DWT of 10,000 tonnes and Louis Tourist Agency act as General Agents for the ship. It can carry 650 passengers, 350 in cabins, and 150 cars. It has a lounge (with orchestra) bars, restaurants, promenade desks, duty free shop and a casino, and is air-conditioned throughout. It has an average crew strength of 70 under Captain George Petratos of Cephallonia. On the inaugural trip the distance Limassol-Alexandria was covered in eighteen hours, and the whole journey lasted 52 hours, from Friday 1 p.m. to Sunday 5 p.m. The ship sailed at 8 pm for Piraeus on its regular Sunday to Friday service, via Rhodes and Tinos. The trip to Egypt included visits to Cairo the Geyptian Museum, the Pyramids and other sights. The stay in Egypt was short, 12 hours from 8 a.m. to 8 p.m, of which six were spent in the bus Alexandria to Cairo and return. [Text] [Nicosia CYPRUS MAIL in English 18 Jun 82 p 3]

CSO: 4600/609

## ROLE OF BANK FUNDING FOR NATIONALIZED FIRMS SEEN AS 'TEST'

Paris L'USINE NOUVELLE in French 20 May 82 p 39

[Article by Alain Pauche: "The Nationalized Firms: A Springboard?"]

[Text] The 9 billion (3 billion in capital subsidies provided for in the national budget and 6 billion furnished in part by the banks) designated for the five firms recently nationalized and for the two steel firms was at first... 20 billion.

Pierre Dreyfus, minister of industry, had in fact asked for Fr 20 billion (over 2 years) to "improve the financial statements of Rhone-Poulenc, PUK [Pechiney-Ugine-Kuhlmann], CII-HB [CII-Honeywell Bull], Usinor and Sacilor" and the begin investment projects. Why over a 2-year period? Because the minister of industry, who for some time had been warning Jacques Delors and Laurent Fabius of the necessity of supplying the nationalized industrial firms with appropriate resources, wanted to set a date. However, the halt given to the growth in the budget deficit led the government to reduce the subsidy to 10, then to 5 billion for 1982. Pierre Dreyfus negotiated on this basis and got 3, then 6, billion, which he must now collect.

The idea of having banks contribute to financing the development of the firms and to strengthening their capitalist structure is not new. But in the present situation, for the government as well as for the managers of the nationalized firms, such a measure is more of a test. Are the banks ready to commit, and therefore to risk, capital (equity and participatory loans) in industrial firms "in good working condition" according to the minister of industry's formula? The discussion will be difficult, both on the principles (and in banks there are quite a few of these) and on estimating the financial risk. But the direction has been taken: "Banks have to change their role; they have to take part in the industrial adventure," summed up Jacques Delors.

This makes it easier to understand why the first goal of the adopted provision is to improve the financial statements of the newly nationalized firms, which have recorded Fr 10 billion in losses for 1981 and which have extremely heavy financial burdens: 5.5 percent of the turnover for Rhone-Poulenc, 9 percent in the steel industry. "The firms' financial statements must be turned around and their financial costs reduced so that they can function normally," declared Pierre Dreyfus.

## Give Some Impetus to the "Industrial Locomotives"

Since the state, which intends "to perform its job of stockholder," cannot improve the financial statements of the nationalized firms in 1 year (Laurent Fabius was opposed to this and persuaded Pierre Dreyfus), a sufficiently flexible way had to be found to enable firms to reduce their indebtedness and to finance industrial modification and investment programs in 1982.

The size of the financial needs of the nationalized "seven" and the relative paucity of the 9 billion set aside for 1982 (for comparison's sake, the additional cost of Algerian gas will hit 2 billion and the farmers' subsidy 5.5 billion, of which 500 million will go to agricultural and food industries) well illustrate the intentions of the government, which is concerned about modernizing, adapting and developing industry but which has not been able to give any real impetus to what it itself has named the "industrial locomotives."

Three remarks can be made and two contradictions noted from the negotiations that prepared these assistance measures specifically for the new nationalized firms:

--After the huge expenditures adopted in 1981 (national expenditures will reach Fr 800 billion this year) and the measures by category that were adopted 5 months ago, the hour for budgetary restrictions has come at the same time as the nationalizations are leaving the realm of law for that of factories and projects. Couldn't a "kitty" have been set aside to finance one of the most ambitious reforms of the administration?

--If the managers of the industrial firms in question work on strategies for attacking the market and not on defensive strategies (which would particularly have been the case for Rhone-Poulenc and PUK if they had remained private), they must select their investment projects even more strictly and spread the payment of these problems over several years. Some of them, of course, never doubted this. Whatever the case may be, management is planning both its 5-year strategy and its plan of action for the end of June. But it should be noted that some of them can sign their agreement with the state only in 6 months.

--Since investment is not taking over from consumption in 1982 as the administration had hoped, hopes for a recovery of industrial investment have been pushed back to 1983. "The efforts made this year in firms will next year become investments," commented a high level civil servant. Yes, if the money is there to finance them.

Two contradictions also deserve to be pointed out. Whereas the public authorities think that the recovery in investments will occur through the nationalized industrial sector (32 percent of the turnover of industry), the firms have been asked to be patient, thus to freeze their plans as best they can. The second contradiction is less serious, but equally significant. Profitable industrial firms have been asked simultaneously to pay dividends to their stockholders, the state, to contribute to the needs of the National Industrial Fund and to invest. Logic would require that a dividend policy first be defined for the nationalized sector.

## AGRICULTURAL EQUIPMENT EXPORT MARKET SEEN TO NEED FINANCING

Paris L'USINE NOUVELLE in French 22 Apr 82 pp 85-87

[Article by Isabelle Graviere: "Gaps in the Agro-Alimentary Equipment Industry"]

[Text] To be the country of wine and yet not have a strong suit in the beverage sector aside from the technology for producing mineral water, to be the leading European grain exporter and yet lack know-how and equipment in this area.... The French agro-food industry still has a number of gaps to fill before it can make a significant contribution to improving our foreign accounts.

Ranging between Fr. 2.5 and 3 billion a year, the agro-food research and development market accessible to French exports (excluding contracts given to domestic research and development firms) is a long way from the colossal amounts generated by the agricultural world. Its future, however, is promising. Its sales volume should grow twice as much as agricultural production in the next 15 years (up 6 percent compared with only 3 percent for agriculture).

It is therefore urgent for French research and development firms to strengthen their international positions, which are well below our ranking as the second largest world exporter of agro-food products.

In fact, the contributions of French agro-food research and development firms to exports are estimated at Fr. 400-500 million, or about 15 percent of world exports in this area. And this percentage is only an average, hiding an extremely inferior position in some geographical areas in contrast to a strong position on the African market. More than three-quarters of our total agro-food exports still go to Africa. These are significant figures when you look at the close correlation between sales of equipment and research and development studies. The African market, however--with the exception of North Africa, is precisely the part of the Third World whose future is the most precarious.

It is a different situation in the Middle East and South American (Southeast Asia has competent local research and development firms that are already serious competitors), where France is unfortunately too absent. As Jean Ayrat, director of agro-food products at the CFCE, said: "Just imagine that in Mexico, nearly 40 percent of the agricultural production is wasted because of

"a lack of means of preservation and marketing networks!" The potential is thus enormous, particularly for medium-sized projects.

However, the potential of developing countries is not enough to build a market, because it can be jeopardized too easily by political reversals, changes of priority and poor weather conditions. This is why it is so important for research and development firms to have a solid information network. And we can go even further and take up the view of Jacques Monsterleet, general manager of CMP Agro-Industrie (a company specializing in agricultural development), that developing countries (with the exception of oil-producing countries) have no agro-food research and development market per se because they lack the financial capacity. "The market is not there until financing is found," Jacques Monsterleet believes. J.-L. de Chazal, deputy general manager of Agro-Technip, confirms this view: "We have a number of contracts that are already signed, but it is impossible to finance them and thus to execute them."

It is therefore important for French research and development firms to compete in the markets of industrialized countries--by far the most important ones--and also to a lesser extent in the markets of the East European countries.

The Soviet Union and its satellite countries actually have a large demand for sophisticated foreign technology in the field (preserved foods, baby food, dairy products, etc.) and large-scale projects, such as the 60,000-ton-a-year malt production unit started in Poland by Nordon or the three Tallin (USSR) cellulose combines installed by Sorice using a Speichim process.

As for industrialized countries, the market--especially in the five main sectors, i.e., breweries, dairy products, sugar refining, grain processing and meat processing--will be influenced by automated-production lines, the application of energy-saving devices and the replacement of batch production by continuous manufacturing processes, which should increase the relative cost of project research and development.<sup>1</sup>

#### About 50 Research and Development Firms in the Agro-Food Sector

But when this market of industrialized countries is not captured by the producers themselves or by the equipment manufacturers, it is generally not accessible to foreign research and development firms, unless a minimum size requirement is met and a branch is established in the country concerned. These two requirements are seldom met by the French agro-food research and development sector, since, despite recent developments, it still lacks leaders and is too splintered.

In fact, it is estimated that there are some 50 research and development firms of significance in the agro-food sector. In fact, there are probably three times as many, if all the research and development and consultant firms of all sizes and types are counted.

Unlike the United States, where large professional research and development firms prevail, and Federal Germany or Japan, where integrated research and

development firms are dominant, these firms are much more varied in France.

--First, there are the professional research and development firms, either general (with an agro-food branch or department), such as Sodeteg, Speichim, Sogelerg or Technip, or specialized but smaller, such as Blezat and Feurat (meat and milk), SIT (grains), Spepia, etc.

--Then, there are integrated research and development firms, frequently arising from the research office of an agro-food conglomerate (Bongrain, BSN, Sequipag, Volvic, PEC Engineering, etc.) or from an equipment manufacturer (ACB, a subsidiary of CGE; FCB, part of the Paribas conglomerate; Air Industrie, a member of the Saint-Gobain group; etc.). We should also make a distinction between private firms, government enterprises (Satec, BDPA), and cooperatives (important particularly in the dairy and grain sectors), to have an overall view of the French research and development business. Aside from the case of FCB for the sugar industry and a few good performances in the mineral water sector (for instance, Evian and Vittel), or vegetable proteins and oils (Speichim), it is clear that French research and development firms have hardly achieved a critical international scale.

The CFCE believes that the reasons have to do first with the French agro-food market itself, which is traditionally oriented more toward fresh produce than processed items. This explains our foreign deficit in agro-food technology, which far from levelling off has been on the rise and totalled Fr. 192 million in 1980, or a coverage rate of 25 percent!

The firms for their part point to the fact that French Government subsidies for research are not available or are too small, in contrast to foreign governments, such as Italy, Austria or Sweden, where the subsidies frequently run up to 100 percent.

Franco-French [as published] competition also seems to hamper our attempts to gain a good international position. "Very high bidding costs (FR 1.2 million for instance for four companies bidding on a slaughterhouse project in Egypt that fell to a foreign competitor in the end) stymie French competitiveness in the medium run, since these dead losses must be offset on later bids."<sup>2</sup>

It is difficult to imagine a pool of all the national consultants--on the order of Nedeco in the Netherlands--in France today. Neither Syntec (a professional union), Abetex (association of exporting research and development firms) nor Adepta (Association for the Promotion of Trade in Agro-Food Technology and Products) is structured so that it can bid internationally as part of the French research and development sector.

The problem of a reluctance on the part of agro-food groups to use foreign research and development firms, with a preference for their own research offices instead, is another Franco-French problem. "Out of a concern to protect its processes and French individualism, the French agro-food research and development industry is still living in isolation," lamented Norbert Aragno,

director of Setif (the agro-food division of Sogelerg). He also noted that industrial firms do not seem very anxious to go into joint export operations with research and development firms, which would contribute their knowledge of the market in exchange for technical assistance and know-how.

These are the individualistic policies that the current French administration wants to combat, and, through Bernard Reumaux, head of the research and development and advisory services department in the Ministry of Industry, it is resolutely taking the side of professional research and development firms.

#### Two Ways To Exert Pressure

Armed with an analytical, strategic study of the research and development sector by Peat Marwick, the conclusions of which have not been published, Bernard Reumaux is proposing six objectives to the profession. They basically involve setting up more firms abroad and increased cooperation between the industry and research centers.

To do this, the administration has essentially two ways to exert pressure: first, subsidies granted by CODIS (Committee for the Development of Strategic Industries), which at the end of 1981 named research and development as a seventh strategic activity; and second, government contracts and financing, either by increasing orders from professional research and development firms or by providing financial incentives to research centers to join with research and development firms in their work. But why not bring into this development plan equipment manufacturers, since we know that they especially need to strengthen their clearly inadequate cooperation with research and development firms? The fact that French equipment lines are still incomplete makes this all the more important.

Maurice Feydel, director of the bakery division of Air Industrie, pointed out that "out of the entire industrial bread-making line, where France does have a good position, the kneading machines come from Italy, the rollers from Switzerland and the packaging machines generally from Great Britain, which amounts to at least 20 percent of the total cost of the plant and equipment. This poses problems in obtaining cover from COFACE and thus to efforts to internationalize our research and development sector."

Moreover, world leaders in the field of agro-food research and development are also frequently recruited from among the major equipment manufacturers, as can be seen in the success of groups such as Alfa-Laval, Tate and Lyle, Kirchfeld...or FCB.

This is why there is no excuse for not having a pluralistic policy to develop the French agro-food research and development sector around various possible poles. Especially since the Directorate of Metallurgical, Mechanical and Electrical Industries (DIMME) and the Directorate of Research and Development in the Ministry of Industry should be keen on cooperating in this field.

#### FOOTNOTES

1. A study by the American consultant Peat Marwick (October 1981), ordered by the Ministries of Industry, Urban Affairs and Environment.
2. A study conducted by Yves Mutschler: "France's Plan and Capacity for Supplying Integrated Agro-Industrial Units," p 24.

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## COMPETITION WITH UNITED STATES AFFECTS SALES IN IVORY COAST

Paris L'USINE NOUVELLE in French 20 May 82 p 41

[Article by Eric Lecourt: "Ivory Coast, the American Penchant"]

[Text] Francois Mitterrand, in Black Africa this week, will stop in the Ivory Coast. In this country, the French have everything to fear from the financial and commercial offensive of the Americans.

The Ivory Coast badly handled the collapse of the cocoa and coffee markets. Although harvests have always been excellent, the amount which the Ivoirian economy must make up reached sizable amounts: Fr 30 billion if you refer to the record prices of 1977; more than 15 billion if you go by the average prices since 1974.

The number one world producer of cocoa and number three for coffee, the country financed its development by exporting these two products, which make up almost two-thirds of its export income. The sudden drop in their prices, which was felt as of the end of 1977, deeply affected the country. One after the other, economic indicators turned red: deterioration in the balance of payments deficit, increase in the national debt (it now surpasses Fr 30 billion) and a drop in the growth rate to less than 2 percent last year.

Faced with this delicate financial situation, the Ivory Coast called on international organizations to rescue it. In March 1981, the International Monetary Fund granted a loan of \$600 million. It is designed to support the stabilization program set up by the government to limit deficits in the balance of payments. Last November, it was the World Bank that granted credits in the amount of \$170 million to finance "structural economic adjustments." As for the Ivoirian authorities, they proceeded to make clear cuts in the investment and inventory budgets. Several projects have been put off sine die--the future subway, the Abidjan airport and the mining school.

#### Definite Tendency Toward the Private Sector

State firms, which were judged responsible for the financial situation of the country, also paid the price of this improvement policy. About 30 were dissolved or denationalized. However, the state kept control of key sectors: sugar, palm oil, petroleum and transportation.

A return to the private sector and economic liberalism go hand in hand. The government intends to maintain this policy whatever the cost. With UN assistance, it is finalizing a new investment code to replace the 1959 one. Local small and medium-sized firms will be particularly favored and helped.

To support economic activity and promote the creation of jobs, the government has selected nine large-scale industrial projects for the current year: four in the agricultural and food industry, including a baker's yeast factory at Bouafle (an investment of Fr 40 million) and a flour mill at San Pdero (60 million); two in the electrical industry, a solar cell factory and a plant to produce electrical transformers; and one in textile, expansion of the Uniwax factory near Abidjan (40 million). The facilities for the quarry and the transformation plant for the Ity gold mine (in the western part of the country) are also going to begin before the end of the year. The International Financial Society and the Central Fund for Economic Cooperation will insure the financing (Fr 36 million).

The last important project is that of the Soubre dam on the Sassandra River. With the construction of this sixth installation on Ivory Coast rivers (cost: Fr 3 billion), one-third of the hydroelectric potential of the country will have been tapped. The studies were carried out by EdF [French Electric Company] and the files with the bids, completely ready, are only awaiting the completion of the financial structure. To get the contract, the Americans are resorting to pressure. The Export Import Bank has offered a credit of \$99 million at 10 percent for 20 years (twice the normal period) to finance the four turbines and the transformer. "It was indispensable to counter the mixed credits France offered," they explained.

The second energy drawing card of the Ivory Coast is petroleum. The production of the Belier deposit (40,000 barrels/day), run by Exxon, already covers one quarter of local consumption. But the Ivoirians are expecting much more from another oil field, which they have named Hope. It was leased to the American firm Phillips Petroleum, and development should begin in the third quarter. For the moment, neither the Ivory Coast Government nor the operator have specified what yields they expect. Some experts are betting on an initial production of 25,000 barrels/day. In any case, Phillips Petroleum recently approached a banking consortium for a loan of \$1 billion to finance Hope's development.

Encouraged by their discoveries in the area of oil, the Americans have arrived in the country in force. Almost 100 firms and 4 banks have opened offices. In 3 years, the United States tripled its share of the market, although with 6 percent of the imports it remains modest in comparison to our 33 percent of the imports it remains modest in comparison to our 33 percent. But the aggression has doubled. For the expansion of Vidri refinery, the Fluor hydrocracking procedure was preferred to Technip's. For the first section of pipe-laying for the offshore deposits, Santa Fe was chosen even though Bouygues and ETPM [Petroleum and Maritime Works Company] were in the bidding. As a result of the aggressiveness of the Americans, and of the Canadians and Japanese, our share of the market is decreasing from year to year.

The arrival of the international financial organizations also favors the free play of the competition, to the detriment of the French, who are used to markets through mutual consent. The result is that our sales are decreasing, especially in the areas of durable and intermediary goods.

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## PROSPECTS FOR MERCHANT SHIPPING IN 1980'S SURVEYED

Athens BUSINESS & FINANCE in English No 197, 5 Jun 82 pp 10-36

[Text] World and Greek shipping face bleak prospects, at least for the two coming years. Even then, the upturn is not at all certain unless the world economy picks up. In the pages that follow, an attempt is made to present the main elements of the worst crisis with which shipping has been faced since the end of World War II--and to estimate the ability of Greek shipping to survive.

The crisis in world shipping is still with us, and going strong. For the moment, at least, and in spite of the fact at the beginning of the year there was a small improvement in freights, there are no signs for a more lasting and stronger upturn. What makes things worse is the fact that the crisis has now firmly enveloped dry-cargo ships and bulk carriers, in addition to the lingering tanker recession.

The turning point for the collapse of the freight structure, which had remained firm over the last two years, came about in late March 1981, when the miners' strike began in the U.S.A. Up to that time, the huge coal program that had resulted in queues of 150 ships at Hampton Roads had held the dry-cargo market in pretty good shape. With the strike the world recession caught up with the shipping crisis, and from then on there has been no turning back.

A crucial development seems to have been the order for Panamax vessels in 1979 and 1980. Acting under the impetus of high oil prices and the attempted switch to alternative sources of energy, shipowners banked on the demand for dry-cargo vessels. By June 1981, however, the bubble had started

to burst. At exactly the time when more and more ships were coming onto the market, following the spate of orders of the late 1970s as well as the switch of orders from tankers to dry-cargo vessels, the much hoped-for recovery in the world economy failed to materialize and the price of oil started to drop.

In April 1980, freight rates stood at 275, where the index is for a single tramp ship voyage, with 1976=100. By January 1981, it had dropped to 234, and in June of the same year it was down to 204. The real collapse did not occur until the end of 1981 and the beginning of 1982 when it reached 135 and 114 for December and January, respectively.

Some improvement did occur, of course, in March and April 1982, when freights moved up to 131 and 135. Yet the upturn seems to have been centered on voyages across the Atlantic, and most notably on the U.S.S.R. demand for transportation of grain from the South Atlantic. In spite of the fact that the Soviets are expected to stay in the market, in view of the fourth consecutive disastrous harvest, the volume of their demand is not that large to justify hopes for anything more than a passing

improvement in an already bad situation.

It should be noted that tramp vessels are chartered out by their owners according to the business available. The decline in the market has hurt Greek shipping, probably more than other fleets, simply because Greeks operate the largest tramp fleet in the world.

### All trade hurting

The general economic recession has hurt all trade: stem coal as well as coking coal, iron ore shipments, cement, steel and general cargo. In all cases, the tramp vessels were the first to suffer. On top of this, the oil situation remains as bad as ever, while the OECD forecasts for the world economy are still as pessimistic as ever. In January 1981 there were 7 million tons of tankers laid up. By the end of the year, the figure had become 21 million tons. In December 1981 the OECD economic secretariat was forecasting a rate of growth for all OECD countries that was expected to reach 0.75% in the first half of 1982 and 3.25% in the second half. Latest information available suggests that the first target has been barely reached and the second has been sharply revised downward.

The figures for laid-up tonnage give a very good indication of the extent of the crisis, as well as of the fact that the downturn is spread across all types of vessels. The information is summarized in the Table I, and is based on Lloyds' data.

In the meanwhile, the heaviest losses seem to be occurring in the tanker market. A single rate voyage for a VLCC from the Arabian Gulf to Western Europe would fetch only 16 at world scale, while she would need between 25 and 29 to break even, depending on her engines. Daily losses, at these rates, amount to approximately \$10,000 - \$12,000. Not unnaturally, owners

prefer either to keep such vessels waiting in the gulf for any business that might turn up, or to use them for storage purposes.

According to trade reports in March 1982, a ULCC was taken for 375,000 tons (apparently it was a part-cargo) from the Gulf to Western Europe at a world scale 16, with slow steaming at 9 knots and the option of the charterer to use her for another four months for storage at a rate of \$8,500 a day. It is noteworthy that most rates have remained at these low levels. A 220,000 ton cargo from the gulf to Japan fetched only W20, 260,000 tons to Bahamas W14.5 and 170,000 tons to Taiwan W22.5.

TABLE 1

### Laid up tonnage

	Total No of ships	GRT	Tankers	DWT	Dry cargo	DWT
January 1981	402	4.1	80	7.4	322	2.6
June 1981	425	10.5	129	15.9	296	2.4
December 1981	478	13.4	181	20.9	297	2.4
March 1982	640	21.0	258	32.7	382	3.7

TABLE 2

**The world's tanker fleet**  
(deadweight tons)

	Seven major oil groups m	Other oil companies m	Inde- pendents m	Total
Total tonnage	59.5	68.5	192.2	320.2
—inc. over 175,000 dwt	45.6	31.1	110.2	186.9
Tonnage on order	2	4.6	12.1	18.7
—inc. over 175,000 dwt	None	1.1	0.6	1.7
Tonnage scrapped	2	1.4	5.1	8.5
—inc. over 175,000 dwt	1.3	0.7	3.9	5.9

For the tankers and especially the VLCCs and the ULCCs the outlook remains more than bleak. Not a few observers of world shipping look upon them as dinosaurs that are faced with extinction, as W. Rempel put it. It is significant that a small Japanese-built tanker, the *Erviken*, recently emerged from a West German shipyard rebuilt to carry up to 125,000... sheep, with an eye on the specific market of Australia. A supertanker that cost \$50 million to build five years ago, will today fetch \$10 million or less.

It is calculated that the excess supply of supertankers is about 60%, and scrapping is only one way out. Japan has one-third of its supertanker fleet afloat as storage tanks off Iwo Jima, a rather auspicious situation for the well-known fiery island. Table 2 shows the world's tanker fleet, and gives quite a clear picture of the problems that have plagued the industry for the last few years.

### Shipbuilding crisis

The situation is no better with respect to the shipbuilding industry. There, a rush of orders seems destined to give the yards some much-needed relief, but only at the expense of creating an oversupply for which the shipping world will pay dearly later on. Table 3 gives an indication of the delivery schedules that are currently valid, i.e. as of December 31, 1981.

There is a 5% addition to the tanker fleet, a 20% addition to the bulk carriers and a 3% addition to general cargo vessels. All this is taking place at a time when shipping is faced with one of the worst and longest crises in its history.

This is not to say that there will be no light at the end of the tunnel. Shipping is the lifeline of the world economy, and as such it can never go bust, as product industries do. Yet the question does remain of how much longer the crisis will last, and at what cost to the structure of the industry and the survival of specific firms.

TABLE 3

## Delivery schedule of world order book

	For delivery during			1985 & after	Total	World fleet at 1.7.81
	1982	1983	1984			
Oil tankers	4.93	1.96	0.20	0.08	7.17	171.70
Ore and bulk carriers	9.28	6.03	1.64	0.12	17.07	87.25
Bulk/oil carriers	0.98	0.74	0.06	—	1.79	25.84
Container ships	0.88	0.59	0.14	—	1.62	12.29
General cargo	1.53	0.58	0.06	0.00	2.18	79.57
Specialized carriers	1.43	0.65	0.41	0.33	2.83	10.57
Total order book at Dec. 31, 1981	20.7	11.33	2.66	0.47	35.41	420.83



Already, reeling under the impact of the Soviet assault on the conference lines and worried about the impact that the new UNCTAD rules will have on the pattern of transportation and the flags of convenience, the industrialized nations of the West are adopting policies that would have been anathema 20 years ago.

The past decade has been one of major changes and traumatic reconstructions. The years ahead do not promise any better. What can best be hoped for is that shipowners will find the ability to adapt to the new energy-expensive environment and to the lower rates of growth that seem to be with us to stay.

### An outlook of Greek shipping

According to Lloyd's Register of Shipping, the Greek flag ranks second in the world table of flags. The fleet under the Liberian flag last year totalled 74.9 million gross registered tons, compared with 42 million tons flying Greek colors. However, the total tonnage of Greek-owned ships that year reached more than 50 million tons.

In December 1981, there were 4,351 Greek-owned ships of more than 100 grt (totalling 50,608,818 grt), as compared with the end of 1980 when there were 4,440 ships totalling 50,265,714 grt, and the end of 1979 when there were 4,568 ships totalling 50,111,609 grt. Obviously, tonnage increased with a parallel reduction in numbers of ships.

Of Greece's 4,351 ships, 3,896 are still under the Greek flag. Of those under Greek flag, 2,724 ships totalling 25,794,691 grt are dry-cargo vessels. Of the remainder, 541 vessels (723,971 grt) are passenger ships and 277 (84,893 grt) are of various other types.

Two conclusions might be drawn from figures dealing with Greek shipping in 1981. The rhythm of its fleet expansion has declined, and the level at which it has been shrinking has intensified. Without mincing words, the deteriorating recession of early 1981 became manifest during the second half of the year.

Some characteristic figures include: a 3.05% increase in tonnage flying the Greek flag in 1981, compared with a 5.79% increase in 1980. The Greek-owned tonnage under foreign flag fell by 11.8% in 1981, and in 1980 it slid by

### The growth Greek-owned ships: 1971-81

Years	GREEK FLAG		FOREIGN FLAG		TOTAL	
	No of ships	grt('000)	No of ships	grt('000)	No of ships	grt('000)
1971	2529	15371	1259	18345	3788	33716
1972	2775	18593	1332	19766	4107	38359
1973	3103	23141	1362	19674	4465	42814
1974	3135	23993	1329	20399	4464	44393
1975	3216	24820	1185	19513	4401	44333
1976	3509	28573	1082	18012	4591	46585
1977	3886	33457	933	15662	4819	49119
1978	3732	34987	784	13352	4516	48339
1979	3951	38842	617	11269	4568	50112
1980	3942	41229	483	9202	4425	50431
1981	3896	42488	455	8113	4351	50601

22.46%. Thus, in 1981, less Greek-owned tonnage came under the Greek flag. The Greek-owned tonnage under both Greek and foreign flags increased by only 0.33% last year, while it increased 0.63% the year prior.

This halt of expansion of the Greek fleet was not due to internal reorganization nor business influence, but to market pressures. The number of Greek ships which left the Greek registry was the biggest of the decade, and despite the increased numbers of ships registered under the Greek flag, it is obvious there has been a remarkable number of sales and demolitions of aged and non-economical tonnage.

Another factor which depicts the crisis effects on Greek shipping activities is the increase in idle capacity, which was 15 times greater in 1981 than it was in 1980 (or five times more ships). The trend is so far continuing this year as well, and obviously will have a tremendous influence on shipping in general.

There also was a reduction by 50% of the numbers of orders for new ships between 1980 and 1981. Last year, new ship orders increased by 7.5%, over 1980, while in 1980 they increased 47% over 1979. Yet launches last year of previous years' orders increased by 82%, a factor which depicts the trap into which some companies have fallen as



gaps widen in increasingly bad market conditions.

The purchase of second-hand ships by Greeks declined steadily last year (15.5%, compared with those of 1980), while Greek ship sales increased by 15.5%. Another worrisome factor was a 22% increase in ship losses over 1980, compared with an 11% loss rate in 1980 compared with 1979.

Finally, the import of foreign exchange declined considerably in the last five months. Between August and November 1981, an average of \$127.5 million was imported, while the average amount imported during the previous seven months was \$159.57 million.

### Growth of the merchant fleet

The rapid growth of the Greek merchant fleet in the last 25 years presents an impressive accomplishment for a country as small as Greece. In 1955, for example, Greece had a fleet of only 485 ships. By 1965, it had increased to 1,570, in 1970 to 2,319, in 1975 to 3,216 and in 1980 to 4,000.

It is commonly acknowledged that the status and competitiveness which the merchant fleet enjoys today should be maintained, and for a number of reasons. First, since shipping provides direct and indirect employment for thousands of Greeks, and secondly because shipping contributes a steady flow of exchange toward the country's balance of payments.

Other reasons include availability of good-quality ships for defense and national security purposes, and for prestige — since Greece's merchant fleet is its ace-in-the-hole for bargaining with international organizations. The latter is particularly important because of Greece's accession to the European Communities. Of the member states, Greece's merchant fleet is the largest, and in fact is the single biggest group in world tonnage:

With Greece's accession to the EC, the European Communities now control 26% of the world's total merchant tonnage. Before Greece brought her "dowry" of 4,000 ships — totalling more than 42 million gross tons — to her nine EC partners, the EC had a combined total of only 70 million gross tons.

Yet serious problems, related not only to the present shipping crisis but to future efficiency of Greek shipping, are occurring. When in 1980, for the first time in 25 years, the number of ships did not increase (even though tonnage did), it was said that the Greek fleet had reached its peak and that quality improvement and maintenance would be its goals. The problem becomes more serious in light of the internationally difficult market and the fact that Third World countries are trying to build up their own fleets to carry their own cargos.

Greek control of this 4000-plus fleet, totalling more than 54 million grt, probably is at its zenith, however. Of this fleet, in 1980, 78% was Greek-registered, 17% Liberian-registered, 3% Panamanian-registered and 2% flying the Cypriot flag.

A look at the makeup of the Greek fleet shows that about 1,500 ships of more than 15 million grt are over-aged, 1,300 ships of 29.6 million grt are between five and 15 years old, and 337 ships of about 7 million grt are fewer than five years old. Approximately 50 ships of under 1 million grt are new deliveries.

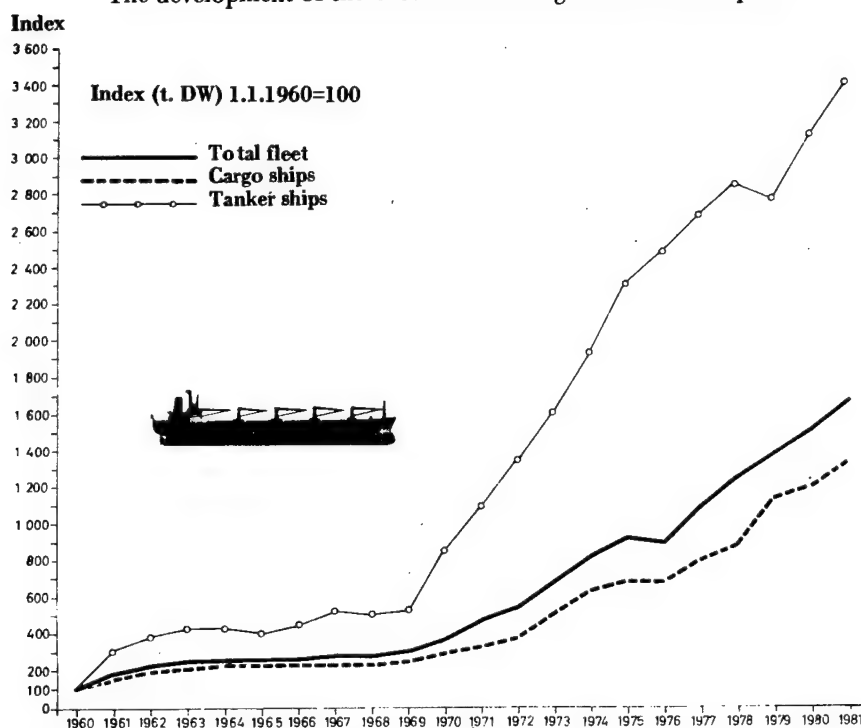
A closer look at the over-age group, excluding passenger and ferry ships, reveals that 50% of the fleet consists of cargo ships, most of which are small.

The continuing crisis in the freight market means modern tonnage is available at lower rates, which reduce the chances of an over-age ship to operate profitably. Shippers naturally prefer newer, more modern vessels, so old tonnage is being laid up in hopes that it

again can be operated profitably when the market improves. This is an unfortunate, due to the fact that recommissioning of ships is very expensive, and their performance suffers considerably after lay-up.

As the situation appears now, over-age ships — with few exceptions — will never again turn the profits they once did, considering growing competition, increasingly modern tonnage and skyrocketing running costs. The saying

The development of the Greek fleet during the 1960-1981 period:



Greek ships by category

Year	CARGO		TANKERS		PASSENGER		OTHER	
	No of ships	grt('000)	No of ships	grt('000)	No of ships	grt('000)	No of ships	grt('000)
1971	1776	9134	339	5523	174	597	240	117
1972	1958	11347	376	6464	270	707	171	75
1973	2138	13485	452	8790	302	778	211	88
1974	2144	13858	467	9293	301	753	223	89
1975	2231	14546	467	9433	307	758	211	83
1976	2475	17027	494	10604	327	857	213	83
1977	2779	20591	520	11987	339	807	248	90
1978	2727	22789	450	11403	325	716	230	79
1979	2874	24923	479	13066	345	770	253	84
1980	2799	25584	527	14807	350	756	266	82
1981	2724	25795	541	15884	354	724	277	85

is, "One old, unprofitable ship is one ship too many," and shipowners believe it is better to sell such vessels and invest the small capital in more profitable ways, such as newer vessels. There is little doubt that a shipowner is better off with fewer, but newer and more productive ships.

Greece's future as a leading shipping nation, therefore, must be based on the concept of selling off old tonnage and replacing it with new, technologically advanced ships — or its merchant fleet might become "the knife that slashes the hand of whoever holds it idly and clumsily."

As one shipowner put it, "Size is not the only definite factor of an achievement. In shipping especially, the important word is quality. We must accept the view that the Greek fleet does not have quality commensurate with its size. In other words, its composition is inferior to that of other fleets which long ago abandoned the quest for size and concentrated on quality."

### Seamen problems

Having dealt with some aspects of difficulties with the Greek fleet, still another — the crews — is of paramount significance. For one thing, there is a lack of enough Greek seamen to make up all-Greek crews for Greek ships. Although the fleet itself rapidly increased over the past several years, the increase in Greek seamen did not follow suit.

Among other things, Greek crews began demanding improved standards of living, and became more interested in opportunities for employment ashore. Migration from rural to urban areas compounded the problem, as work was more easily found in the cities.

Between 1957 and 1977, the Greek-owned merchant fleet increased by 3,500 ships, with a five-fold increase in tonnage. Employment increased by about 41,000 seamen, but the increase was not enough. The result is that many ships violate a Greek law which limits the number of foreign seamen employed on Greek-owned ships to 25% of the crew total. In fact, the number of foreigners is often double that.

As Aristomenis Karageorgis, president of the Greek Shipowners' Association, puts it, "... the sheer non-availability of Greek seamen has forced many owners to disregard this law, and be subjected to considerable harassment by Greek port authorities both at home and abroad."

The numbers of junior crew members has increased at the following rates: 1958-62 43.5%; 1962-71 5.9%; 1971-75 less than 1%. For officers, those figures are: 1958-61 52%; 1962-73 7.7%; 1973-75 3.6%.

TABLE I

### Seamen engaged 1971-81

Year	Number Engaged
1971	98,425
1972	102,121
1973	104,271
1974	100,725
1975	95,930
1976	96,664
1977	92,983
1978	90,245
1979	79,586
1980	73,979
1981	67,907

Table I indicates that the number of registered seamen decreased from 97,664 in 1976 (with 3,509 ships) to 67,907 in 1981. The ideal figure was reached in 1976, when there were 112,320 persons in possession of either a seaman's book or passport to man a fleet of 2,695 ships. Today there are about 108,000 such people.

Foreign crews today cover 35% of the total needs of Greek shipping, and comprise 51% of the junior hands aboard. This is despite the fact that Article 88 of the Marine Law stipulates a 25% limit, and Law 451/76 requires that the same salaries be paid to both Greek and foreign crews — a requirement that does not exist in other European countries, and which diminishes the Greek fleet's competitiveness.

## Shipping: A source of income

Looking at the overall trends in shipping receipts and their contribution to GNP, we see that foreign exchange from shipping rose from \$22.9 million in 1950 to \$1.816 million last year, i.e. at an average annual rate of increase of 15.7%.

The share of foreign exchange earnings from shipping in Greece's GNP in the 1954-80 period more than doubled, from 1.3% to 4.4%. Most of the increase in shipping's role in GNP formation in Greece occurred in the last decade.

Calculated on the basis of Bank of Greece data, earnings from shipping in 1981 accounted for 28.08% of invisible receipts in (21.2% in 1953 peaking at 31.9% in 1961). This compares with 29.08% for tourism and 15.94% for emigrant remittances. Shipping's share in total foreign exchange earned from commodity and invisible exports first increased from 9.7% in 1953-55 to 18.4% in 1961 and has since stabilized around this level. In 1981 it reached 16.94%.

Net shipping receipts have financed, on average, around 20%-25% of the trade deficit during the 1958-80 period. The average was 22.4% in the last decade, as compared to 23.8% in 1960-70. Or, compared with the net oil bill since the energy crisis erupted in 1973, net shipping receipts (\$6,989 million) represented 81.5% of Greece's net foreign exchange outlay for oil (\$8,574 million) for the years 1973-1980.

Concerning the share of the Greek-owned fleet's annual turnover which actually accrues to the Greek economy, it can be seen that the ratio of shipping remittances to active grt, both in current and constant prices, moved significantly upward until 1980. In fact, the ratio of shipping remittances in dollars to active Greek-owned tonnage rose from an average of \$7.6 in the first five years, 1957-61, of the period to \$28.4 in the next five years, 1976-80.

A substantial increase is also observed in drachma remittances at 1957 prices (1957-61: 221 drs., 1976-80: 304 drs.). In both cases, the increase was most marked in the latter part of

the period under review. This was due primarily to the substantially higher wage bills paid to Greek crewmen, though the actual number of seamen insured with the Seamen's Pension Fund fell from 115,000 in 1970 to 110,000 in 1980, as well as to the shift of Greek owners from flags of convenience back to the home registry.

More than 75% of Greek-owned vessels were flying the Greek flag in 1980, as compared to 36% in 1969.

Finally, most of Greece's major Greek shipping firms established their headquarters in Piraeus during the 1970s. The extent of the move can be seen from the fact that in the last decade approximately 600 shipping firms set up offices in Piraeus, and by the end of last year they were employing more than 7,000 staff with administrative expenses exceeding \$100 million.

### The foreign exchange

For the first time in many years, the shipping industry foreign currency inflow into Greece showed a significant slowing down in the rate of increase. This declining trend became more intense during the latter part of 1981 as can be seen from the figures below. (million dollars):

Months	1980	1981	change
January	93.0	165.0	+76.8
February	113.6	143.1	+26
March	182.3	156.5	-14.2
April	155.2	186.9	+20.2
May	156.9	154.0	-17
June	155.5	149.4	-3.9
July	152.7	163.0	+6.5
August	139.6	114.0	-14.9
September	146.7	133.0	-9.5
October	178.8	139.0	-22.3
November	161.1	123.0	-23.6
December	186.0	193.0	+3.8
	1821.4	1819.9	-0.3

This development may be attributed to the recurrence of the shipping crisis and the currency instability, which is also connected with high U.S. interest rates.

Consequently, the fall in the shipping income is mainly due to international factors which were aggravated by the special conditions prevailing in Greece. These were primarily the low level of activity of Greek ship repairing yards and the cutbacks in the operation cost of most Greek shipping companies.

Beyond these, one may add the steadily increasing number of Greek vessels that have been laid up. For the whole of 1981, shipping remittances showed a 0.3% decrease compared to 1980.

### Competitiveness and... survival

"In order to increase the shipping foreign currency in Greece, shipping must become more competitive in order to survive. The only way in which to do this is to decrease its operation costs by cutting down the ships' manning expenditures."

This is the conclusion of a recent study on the manning cost of Greek ships relative to the correspondent cost of the other traditional and Asiatic fleets. According to this study, the daily cost per man, in a 25,000-ton bulk carrier, in seven countries, during 1980 was as follows:

Flag	Cost per man	Native crew
Hong Kong	49.3	31
Singapore	36.33	30
India	20.42	48
Norway	136.11	18
W. Germany	148.04	28
Holland	102.88	33
USA	229.80	25

The manning cost as a percentage of the total expenditure of ship operation to the above mentioned countries, is as follows:

Hong-Kong 48%; Singapore 39%; India 36%; Norway 54%; Germany 64%; Holland 54%; USA 57%.

From these elements the influence of the manning cost to the course of shipping becomes obvious, since the declining fleets (West Germany, USA, Holland) present the biggest increase of the relative factor.

Generally the difference between low and high operation cost ships has grown wider during recent years. This fact in combination with a relatively low freight market led a significant percentage of the international tonnage to a change of flag.

Today, for a shipowner with ships under a European flag with a European crew the cost is three times more than that of an Asiatic company.

As the crisis deepens, more and more European shipping companies will be confronted with difficulties and their national flags will cease to be competitive.

During 1980 in Greece the average cost of officers and crews was increased by 22% and 25% correspondingly and during 1981 by 19% and 22%. During the same period (1981) the increases in German shipping were 4.3% for officers and 4.3% for the crews; for English shipping 7% and 7% and 8.3%; and for Indian shipping 11% and 19%. Thus Greek seamen are paid more than British and the participation of the manning cost for a 25,000-ton Greek bulk carrier with 32 seamen covers 55% of the total operation cost.

It is obvious then that the facing of the decreased competitiveness of the Greek ship is not possible to be achieved without some sacrifices. The important thing is the increase of the competitiveness with the lower possible national, social and economic cost. As a consequence one can say that the only solution is the manning of the ships with foreign crews, in the base of their national pay-list. This means decrease of the manning cost by 66-75%. This solution will not create employment problems to the Greek officers, will not create considerable decrease of the Greek crews, will considerably reduce the operation cost, and the shipping will become competitive.

And some other numbers show the advantages of that solution. The monthly cost of the lower crews (20 persons) is: For Bangladesh \$5,010; for India \$5,950; for Pakistan \$6,820, The Philippines \$7,390, and for Greece \$22,220.

The average of the four nationalities is \$6,292.5, i.e. 3.5 times lower than that of the Greek ship.

### Modern shipbuilding

Modern shipbuilding in Greece dates to 1960, when Hellenic Shipyards launched its first vessel, a 25,000-dwt tanker, following which a bulk carrier, pontoons and barges were built, including conversion of several bulk carriers.

From 1970 to 1974, the industry expanded rapidly. Elefsis Shipyards was established between 1969 and 1970, specifically for new-ship construction. Halkis Shipyards and Neorion Shipyards expanded to become large repair centers, and several small- and medium-sized shipyards were built.

A 1978 census of Greek industry reveals that 43 shipyards were engaged in the building and/or repair of steel vessels, and employed a work force of some 12,000 laborers. To this figure is added approximately 4,000 people employed in 430 registered repair shops, and a further 8,000 to 15,000 working for shipowners and shipyards under sub-contracts.

The total number of employees in this sector, therefore, can be said to have fluctuated between 24,000 and 31,000 — or roughly 5% of the total work force in Greek industry.

Within the sector, firms can be divided into three main groups: large yards, medium-sized yards, and small yards and workshops. The sizes are, however, defined according to Greek standards, and may appear rather small by international standards. Operating within these three groups are the following:

— Hellenic Shipyards, Elefsis Shipyards, Neorion Shipyards, Halkis Shipyards and Nafsi Shipyards. The first four all have their own docking facilities for large vessels and a wide range of workshops equipped with modern machinery. Nafsi Shipyards, which is located within the repair base of the Piraeus Port Authority (OLP), must be regarded as a large yard because of the size of its

workshop, although it has no docks of its own;

— A group of five medium-sized yards at Perama and on the island of Salamis, each employing between 450 and 500 people. These yards do not have their own docks, but use those of the OLP repair base at Perama and at the Port of Piraeus. They are not as well-equipped as the five large yards, but do have experienced personnel and offer high-quality work;

— There also are about 30 small yards at Perama, one at Salonika and several hundred specialized workshops along the Perama waterfront which support shipyard activities. These small units are mostly equipped with older machinery and use the facilities of OLP, mainly for work contracted by shipowners.

### The five biggest

Hellenic Shipyards SA, situated at Scaramaga in the Bay of Elefsis, is the largest and most up-to-date building and repair yard in Greece. Privately owned by Stavros Niarchos, it is the largest private employer in the country, with approximately 4,500 laborers and 1,500 office staff. The yard began operation in November 1959. Twenty years later, its fixed assets were recorded at \$143 million. With three floating docks and two graving docks (where ship hulls are cleaned), it is capable of building and repairing ships of any size.

Elefsis Shipyards SA, situated at Elefsis, in the Bay of Elefsis, was founded in 1968 as part of the Andreadis shipping, banking and business empire. A modern shipbuilding yard, it was designed according to the latest standards and has sufficient space to allow further expansion. Elefsis has a shipbuilding berth equipped for construction of vessels of up to 120,000

grt, and contains a 400-ton gantry crane, the largest in Greece. It also has extensive docking facilities, comprising three floating docks and a pontoon. The yard employs approximately 1,800 laborers and 200 office staff. Total investments amounted to \$120 million.

Elefsis today is state-controlled — owned by the Commercial Bank of Greece, the Ionian and Popular Bank of Greece and the Hellenic Industrial Development Bank (ETBA) — having been taken over by government decree in the summer of 1976.

Neorion Shipyards SA, founded in 1867 and situated on the island of Syros, is the oldest and third largest shipyard in Greece. It concentrates primarily on ship repairs, and undertakes only minor shipbuilding activities. It was the second major yard to be taken over by the state banks, after the previous owners (the Goulandris Group) closed the yard because of mismanagement and poor labor relations.

Neorion today is managed by a British consultancy firm, appointed in January 1979 under a seven-year contract granted by ETBA and the National Bank of Greece, which own 85% of the yard. The remaining 15% is retained by the Goulandris Group. Technically well-equipped, Neorion enjoys a good reputation as a ship repair yard. Its work force numbers approximately 1,000.

Halkis Shipyards SA, situated at Vathi, near Halkis, was founded in 1972 and expanded to become a large repair yard in 1974. It is privately controlled by Yiannis Carras, a shipowner, and employs about 550 workers. It has two floating docks, with a capacity for 15,000-dwt and 45,000-dwt vessels, and workshops for all sorts of repairs and ship construction.

Nafsi SA, located within the OLP repair base, is the result of a merger of two small companies in 1958, and at present employs approximately 600 to 700 people. It is equipped with modern machinery, and enjoys a good reputation for efficiency. The yard engages only in ship-repair work, and specializes in heavy machinery.

## Shipbuilding

Hellenic and Elefsis, two of the largest yards, are regularly engaged in shipbuilding, along with Salamis and Argo, two of the medium-sized yards. Neorion and Halkis, along with a few small- and medium-sized yards (such as Koronaiois, Goumas, Anastasiades and Tsortanides, etc.), only occasionally build ships, and those of a limited size.

At present, the maximum annual new-construction capacity of the Greek shipyards is estimated at about 365,000 dwt — Hellenic accounting for 250,000 dwt, Elefsis for 75,000 dwt and the small- and medium-sized yards for 40,000 dwt.

Hitherto, Greek shipyards concentrated on construction of technologically simple vessels, such as bulk carriers, oil tankers and general-cargo vessels (usually under foreign license), which sometimes are modified to meet specific requirements of shipowners.

In some cases, series production has permitted economy of scale — the most outstanding example being 27 SD-14s constructed by Hellenic Shipyards. This concentration on less-sophisticated ships is due to lack of high-quality design services, experience and domestic marine-equipment production.

Some small- and medium-sized yards have, however, built a limited number of more complicated vessels, such as container ships and ferry boats. With the existing infrastructure, the largest they can produce are of about 6,000 dwt. Their facilities are largely obsolete and in need of modernization and restructuring. Much of this can be blamed on the OLP's long-term dispute about location of small shipyards at Perama, which has prevented implementation of long-term modernization plans.

## Growth in demand

Total tonnage produced by Greek shipyards rose from 58,000 grt in 1970 to 144,000 grt in 1974, increasing their share of the world's shipbuilding sector from 0.28% to 0.43%, or equivalent to 1.1% and 1.6%, respectively, of production within the European Communities.

Since 1975, Greek shipyards have suffered a shortage of construction orders because of the international shipping and shipbuilding crisis. Production decreased continuously, resulting in 1979 in production of only 30,000 grt, or 20% of the peak level achieved in 1974.

This meant that construction capacity, estimated then at 365,000 dwt, was nearly idle in 1979, representing less than 20% of capacity. Construction of a number of small warships for the Greek Navy that year improved matters only slightly.

The unfavorable turn in development led to a shrinking in capacity which forced shutdown of some small- and medium-sized units.

However, orders placed at the end of 1979 and during 1980 with Hellenic Shipyards increased once again, and Hellenic's books are full through 1983-84 with orders placed for 10 bulk carriers, and negotiations are continuing for a further six. Elefsis, though, is working at less than 50% capacity, and has received no future orders. There are no signs of recovery as yet for the small- and medium-sized yards.

As previously mentioned, most shipyards in Greece were founded by Greek shipowners, but even to date Greek yards have attracted only a small percentage (ranging from 0% to 13%) of large orders for construction ordered by Greeks.

In most cases, these orders have gone to Japan, with some placed in the United Kingdom, Brazil, Yugoslavia, Romania and others. Only during 1979 and 1980 were Greek yards able to win some large orders, though they still were just a small percentage of those placed by Greeks. This cannot be considered a general trend, however, since it is largely the result of huge orders placed by Niarchos with his own Hellenic Shipyards.

Greek shipowners prefer to have their ships built mostly in Japan for the important reason that the Japanese yards' higher productivity and greater state subsidies enable them to offer better prices.

## Technical facilities

Greece's five large shipyards can be said to be technically well-equipped. Most have modern machinery and a wide range of workshops permanently staffed by qualified personnel. In only a few instances (such as electronics and foundry work) are jobs contracted out to firms in Perama, and this mainly because such jobs are scarce and it is not economical for the yards to employ a permanent technical work force.

Much of the machinery and plants at the small- and medium-sized yards at Perama and at Salamis are obsolete. Production capacity is limited by a shortage of space, docks, lifting gear and quays.

Where shipbuilding is concerned, a shipyard's ability to prefabricate sections of ships and then assemble them on slipways is usually characterized by its technological level of production. Only Hellenic and Elefsis have lifting and transport facilities for such prefabrication. Few of the smaller units at Perama and Salamis can prefabricate sections, since they lack cranes large enough to lift them. Some do improvise, however, by using two cranes simultaneously.

## Competition, cooperation

Although no evidence has been found of overt practices such as price-leading and order-sharing, competition among Greek shipyards is limited by a form of market segmentation dictated by the size of the yards and their facilities.

Only Hellenic, Elefsis and Salamis Shipyards are capable of building ocean-going vessels larger than 10,000 dwt — Hellenic being by far the largest of the three. At other yards, building is confined to small vessels, principally for coastal trade and fishing. Since the market for such vessels is rather limited, competition here is very keen. A special status in this respect is enjoyed by Salonika Shipyards, which benefits from lower labor costs and its distance from potential competitors at Piraeus.

As for repairs, apart from Neorion and Halkis Shipyards in their less central

locations, only Hellenic and Elefsis Shipyards are capable of dry-docking vessels above 35,000 dwt. To ensure optimum utilization of their facilities, the large yards show no interest in dry-docking small ships. They therefore compete in only a very limited way with the yards and workshops at Perama, which use OLP facilities on their own slipways. Elefsis Shipyards, for example, competes for only 10% to 15% of the clients at the Perama yards.

The present market segmentation stems from and is perpetuated by Hellenic Shipyards' docking monopoly, which until 1985 allows Hellenic alone the right to build and install docks within a radius of 20 nautical miles of its yards, and refuses others permission to construct facilities in the area. Only Elefsis Shipyards and OLP have so far been allowed to install additional docks. Thus, docking facilities presently fall far short of demand.

Regarding repairs afloat, all yards must contend with lower prices quoted by workshops around Perama. Ship-owners contract jobs to those, but supervise and coordinate the work themselves. With lower overhead, and usually a smaller tax burden, the workshops are able to quote much lower prices than the yards.

Large yards can offset this disadvantage by offering better quality and greater reliability, especially with respect to delivery dates. This, too, has led to a segmentation of the market. Owners interested in high quality and shorter repair time, or those with major jobs to be performed, go to the large yards or more efficient repair units.

Cooperation among the yards is quite limited, although most are located within a relatively small area. In only a few cases does cooperation occur in the form of subcontracting or joint use of facilities. There have been some cases of cooperation among smaller yards regarding new construction. Cooperation among the large yards is not common, although involvement of state-owned banks in three of them would seem to present opportunities for cooperation. Hellenic Shipyards, because of its

dominant position in the sector and its status as a privately owned company, is not interested in cooperation. Distances between other large yards restrict cooperation as well.

Since many small yards suffer disadvantages because of smaller size, cooperation probably would be beneficial, especially regarding construction. For the time being, however, the pronounced individualism of small-yard owners presents a major obstacle to cooperation.

### Ship repairs

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All 43 shipyards which handle steel vessels are engaged in ship repair. There also are 430 repair shops employing some 4,000 people, and between 8,000 and 15,000 people working under sub-contracts as needed.

Only Hellenic, Elefsis, Neorion and Halkis Shipyards have their own docking facilities for ship repair work. The rest use OLP's two floating and two graving docks, the port repair quays and their own slipways to pull small vessels from the sea for repair. Shipyards with their own repair facilities have two drydocks (one for ships of up to 500,000 dwt), 10 floating docks of various sizes and fairly long quays. Maximum repair capacity, using 1980 figures when facilities were nearly fully utilized, is about 19 million gross registered tons per annum.

### Holding its own

Despite the persistent international shipping crisis, the ship repair sector is holding its own. Expansion in repairs continued, 1980 being a record year when demand exceeded docking capacities. The expansion was interrupted only in 1978, when Neorion Shipyards closed temporarily.

Total tonnage of ships repaired nearly doubled between 1976 and 1980, while the numbers of ships remained rather constant. This is an indication that shipyards have concentrated on larger ships, in order to realize optimum use of their docking capabilities.

With shipyards working at near-capacity, they are becoming more selective in orders they will select. Thus it has become increasingly difficult to find docking facilities for small- and medium-sized ships, and there have been several reports of demand exceeding supply, with the result that in recent years repair business has begun going overseas.

It should be noted that in recent years ship repairs have acted as a substitute for building activities, to the extent that the Greek yards took on as much repair work as they could to prevent their construction capacities from lying idle. With the construction capacities of Hellenic Shipyards now fully utilized, however — and taking into account possible construction orders for other yards — the shortage of docks may be further aggravated.

### Marine equipment

In the building of modern steel ships, steel and equipment account for 50% to 70% of the vessels' total value, compared with 10% to 15% in repair work and 20% to 40% in the case of conversions.

Ever since modern shipbuilding and repairs began in Greece, some 80% to 90% of all marine steel and equipment had to be imported, although domestic production accounts for a larger proportion of the equipment installed in smaller craft of up to 1,000 dwt and 300 bhp, and of certain parts needed for repair of older vessels, plus materials required for interior decoration.

For nearly every type of equipment, foreign manufacturers have aided contractors dealing with installation and service, and the result has met requirements of shipowners. It always has been possible to import marine equipment into Greece duty-free, and shipowners have had no problem in obtaining foreign exchange — since they, themselves, bring it into the country.

The few Greek manufacturers of marine equipment form no more than

an infant industrial sector. Excluding firms which supply only very small quantities of products to shipbuilding and repair yards (and these, for the most part, are not marine goods), there are about 20 firms engaged in the manufacture of marine equipment. With only three or four exceptions, however, less than 10% of this turnover comes from marine equipment. There also are several hundred workshops in Perama which act chiefly as subcontractors for the supply of materials needed in shipbuilding and repair.

Production varies considerably. A single company may cover up to two stages of production, but no more. In general, however, material input, productive apparatus and technology — even of companies regarded as proper manufacturers — import much of their material.

In terms of revenue from ship repair, the demand for equipment used in this sector amounted to roughly \$60 million in 1980, Greek manufacturers accounting for some \$9 million of this. A rough estimate of construction turnover in the same year indicates demand for materials and equipment amounting to about \$84 million, approximately \$13 million of which was produced domestically.

Aside from the Perama workshops, nearly 1,000 jobs existed in the sector of marine equipment manufacture in 1980, equivalent to about 0.2% of total employment in Greek manufacturing. The shops employed from 2 to 130 employees, the average being 25, for a total of about 450. Greek production of marine equipment in 1980 was valued at approximately \$22 million. These figures indicate the very marginal importance of marine equipment manufacturing in terms of its contribution to the economy.

### Yard prospects

Although the large shipyards are slowly beginning to offer comparative advantages to Greek shipowners once more, as construction costs rise worldwide,

the general attitude of shipowners when placing their orders remains much as it has been.

This is likely to remain the case as long as the Greek shipbuilding sector stays relatively weak according to the international level — due to absence of government subsidies and low productivity. Arrival of new competitors on the market — such as South Korea, Taiwan and Brazil — means Greek yards will face competition from many sides, since the new competitors can offer substantially lower prices than the traditional shipbuilding nations.

Until world shipbuilding experiences a dramatic upturn in demand, and as long as most shipbuilding nations continue to protect their own yards with import restrictions and high subsidies, the prospect of sales to foreign shipowners will remain dim.

So far, Hellenic, Elefsis and Halkis Shipyards have exported only about a dozen vessels to companies in the United Kingdom, the Federal Republic of Germany and a number of Arab countries.

Future markets for the Greek yards could, however, be the developing countries, potential customers for small- and medium-sized vessels, bulk carriers and tankers, and various northern countries — if the Greek yards can offer favorable financing conditions and increase their productivity.

The small- and medium-sized Perama yards, meanwhile, focus on small coastal and fishing vessels of various types. Since the coastal fleet is very old, many of the vessels are in need of replacement. But at present there is little demand for construction of this type, since owners prefer

The same can be said of the fishing fleet, although the potential of this market is restricted as well by the small size of the vessels (nearly all of which are fewer than 200 grt).

Opportunities for exports to the Arab and Middle Eastern markets appear to be favorable. Greece has a tradition of good trade relations with the Arab League countries, and is situated close enough to these markets.

CSO: 4600/634

## ECONOMIC LIGHTS PROFFER VIEWS ON INTEREST RATES

Istanbul CUMHURİYET in Turkish 9,10 Jun 82

[Second and third in a series of articles presenting cross-section of views on recent interest-rate actions including those of leading economic sectors as named]

[9 Jun 82, p 6]

[Text] ECONOMIC SERVICE -- We are in for an interesting time on the banking front since Hisar Bank boosted its interest rates this week following a series of decisions adopted last week concerning the banks. Yesterday, under the headline "Interest Incident in the Economy," we presented the views on recent developments of a variety of sectors from bankers to industrialists, economists and individuals. Today we continue the presentation of various views.

Nurullah Gezgin, Chairman of Istanbul Chamber of Industry Board of Directors:

"The high interest policy being pursued may be described as the aspect of the present economic policy with the greatest impact and risk. It would be more realistic to assess what will come of it later on rather than today. It is impossible to defend the low interest policy of pre-July 1980. However, I do not believe it will do the country any good to defend a net deposit interest rate extending to 60 percent and made official rather than de facto by the recent decisions. When money brings this kind of return, those who have money will doubtless rest on their laurels and the adventurers will turn to business life. The recent decisions aimed at disciplining the banks, guiding money-credit policy, providing safeguards for the saver and finally getting rid of the erratic gentlemen's agreement are, we think, late, but on target. If the decisions adopted are not soon strictly enforced, negative effects on business life and the financial media such as banks and brokers will be inevitable and the corporeal economy will suffer deep wounds."

Ali Kocman, President of TUSIAD [Turkish Industrialists' and Businessmen's Association]:

"It is very hard to say today that Turkish banking is going through a healthy period. We welcome the Central Bank's decisions concerning the banks as an injection of discipline into the banking system. God willing, the decisions will not simply sit on the shelf. They can be effectively enforced. The Central Bank

must be a respected and heeded overseer of the other banks as to implementation of its decisions. A speculative struggle over interest between the banks must not be permitted to survive. The banks are national institutions. If the banks were to suffer the painful consequences similar to the situation of the brokers, it would be a serious shock to the Turkish economy. Bank managers have serious responsibilities at the point where things are today. Moreover, everyone in the banking sector must do his part. On the other hand, these decisions impinge on the industrialist as the banks' client, and the industrialist is paying the overall bill for the decisions. Putting the interest race on a speculative plane may create anarchy in credit interest. The decision goes against the industrialists. In adopting decisions of this kind, industrialists must be consulted as to their views."

Ahmet Ciftci (age 30), State Civil Servant:

"Lord, I'm really happy interest rates are going up and I went straight to the bank with what little money I had. I only wish I had more. These high interest rates are very much in the interest of the citizen. It adds to our monthly salary and supports our budget."

Yilmaz Mazlumoglu, Anatolian Bank General Director:

"As a public bank, we cannot raise interest rates beyond the specified limits. Moreover, it is impossible for us to take sides on this because we will host the interbank conference on the 18th. But history repeats itself. Some banks were involved in this kind of interest race in 1960. There was the brokerage incident in 1980. Mr Siklar [Central Bank president] says the higher the interest banks pay, the higher the supplemental reserves they will have to deposit. But can he get accurate information from the banks? I certainly don't think so. The decisions adopted cannot be the only way to control interest."

Arslan Baser Kafaoglu, Economist:

"In my opinion, this move will increase the panic. The high interest which has essentially been given under the counter has now gained official status and become legal. Some banks will raise interest in an effort to get the money to enable them to pay the supplemental reserves they owe to the Central Bank. But, in my opinion, it is impossible for the banks to be able to pay their debts to the Central Bank. The government can adopt all kinds of decisions and set up all the heavy penalties it wants to, but it will not find out whether the reserves have been paid or get the best of the banks in this, because bank failures would be intolerable now after the brokerage incident. The economy could not stand it. And the banking system will just go on the way it is."

Tansu Ciller, Bogazici University Teaching Member:

"Raising or lowering interest rates is not something that can be done by decree. The level of interest rates is determined by the market demand for credit and the cost of credit. The demand for credit in our country is high today and, therefore, interest is high. But the credit given is not returning to the banks. The interest on it is not even returning. And this aggravates the banks' liquidity problem. So they are turning to deposits again and the banks are caught in a

vicious circle, heading nowhere. Meanwhile, there is a big difference between deposit interest and the interest paid on credit. And this situation is an error in the economic policy. No other country has this high a cost on fund turnovers. This puts restrictions on investments and prevents increased production and national income. This situation is also going to take the banks out of the picture. If I were to sum up, I would say that there has been undue haste in the course of applying a tight money policy. If this continues, the successes achieved are going to backfire. The alarm is sounding, I think. The example of Argentina must not be ignored."

[10 Jun 82, p 6]

[Text] Ahmet Demirer, Hisar Bank General Director:

"I definitely do not agree that deposit interest rates are going up. We have brought out into the open a practice that was going on under the counter. That is, we had the courage to tell what many banks were doing but not talking about. The interest we pay is 3 or 4 points above the limits set by the gentlemen's agreement. That is, 55 percent-60 percent gross, not net (depending on the size of the deposit, of course). As for the effect of interest on industry, that has to do with the policy the state applies."

Burhan Karacam, Pamuk Bank Deputy General Director:

"We cannot raise interest. Those raising interest are certain small banks seeking temporary solutions to monetary problems. Actually, the latest decisions on the banks will be a deterrent to the banks' raising interest. It is not clear, however, how oversight will be accomplished. How can you monitor how much interest the banks pay? High interest at these same rates was being paid secretly before, now it is being done openly. Though the cost of money for business circles goes up with the latest decision, the cost of money needed to keep the wheels of industry and business turning had been kept low by means of low-interest, preferred credits and incentives. It may be said, however, that money is now very expensive."

Ahmet Kozanoglu, Part Owner of Kozanoglu-Cavusoglu Group:

"We at Hisar Bank have not done anything contrary to Finance Ministry guidelines. The Finance Ministry published a decree, number 717.711, on 1 June 1982. According to this decree, whoever deposited more supplemental reserves would pay more interest. Interest had been decontrolled by the Finance Ministry earlier in line with the IMF's request or, in other words, for the IMF, but it had been whispered to us that interest should not go above a certain rate. We complied with this in the framework of the gentlemen's agreement. Until then, our people had been exploited jointly by the industrialists and the banks. The cost of money at that time was around 3 percent-4 percent as opposed to an inflation rate varying between 50 percent and 20 percent. Money was taken in from the people for practically nothing and given to industry at 18 percent-19 percent interest. Industrialists were making investments without even conducting a feasibility study and even inefficient businesses were making a profit. Who was paying for this? The people, because their money was steadily depreciating as inflation

approached 120 percent. On the other hand, protected by customs walls, industry was able to sell anything at the price it wanted. As for now, the present practice cannot fully protect the value of the people's money either. The 50 percent-52 percent interest being applied is not higher than the inflation rate. By raising interest rates a point or two, we were able to protect the people's money, to an extent at least. Moreover, these interest rates were being applied secretly by many banks anyway. We brought this secret practice out into the open."

Dr Mete Durdag, Bogazici University Teaching Member:

"The decision on deposit reserves, if applied as envisaged, will restrict total deposits, the money supply and credit resources. There is no question of a reduction in the credit demand, however. In this situation, faced by growing amounts of money which they have to deposit in the Central Bank, the banks will be forced to seek new resources to supply their own credit demands. So interest may rise for this reason. One point not much stressed in the decision on the banks is preferred credits. Following the interest hike, the banks will either raise credit interest or turn to those receiving preferred export credits on which the supplemental reserve deposit is the lowest."

Ibrahim Bodur, President of Istanbul Chamber of Industry Assembly:

"The citizen will bear the brunt of the high interest policy, and the investor and producer will pay the bill. As seen, despite total deposits in excess of 1.5 trillion [liras], the shortage and high cost of credit go on. Decontrol of bank interest rates is tantamount to increasing interbank competition. If competition among the banks has results similar to the brokerage disaster, many banks will be in difficulty, and let no one doubt that these negative developments will have adverse effects on production and the public."

Nuh Kusculu, Chairman of Istanbul Chamber of Commerce Board of Directors:

"The latest decisions concerning the banks should actually have been adopted on 1 July 1980. Coming late, they are still inadequate. To prevent interest anarchy, interest should be paid on commercial and official deposits also and stocks and bonds should be made as attractive as certificates of deposit. To revitalize the securities market as soon as possible, interest income -- which cuts into the stock market -- should not be reported after withholding and obstacles to stimulating the sale of stocks and bonds should be eliminated. If this is done, business will have the alternative of obtaining the money it needs from the securities market instead of the banks. The result of applying interest to official and commercial deposits would be that the tendency to obtain income by making unnecessary commercial blockages would not be used by the banks. The result of this would be to prevent 35 percent of the compulsory blockages from going to the Central Bank."

8349

CSO: 4654/349

## FORMER PQ MINISTER ASSESSES PROSPECTS FOR INDEPENDENCE

Quebec LE SOLEIL in French 24 Apr 82 p B-2

[Interview with Lise Payette by Michel David on 22 April, Place Not Given:  
"Independence Is not Coming Tomorrow"]

[Text] Even though she is no longer active in politics, Lise Payette continues to advocate the causes for which she went into politics with the same vigor and determination, that is, independence for Quebec and emancipation of women. Beyond the anecdotes dotting the book she has just published, Michel David tries to get to the bottom of her thoughts about Quebec's future.

Mrs Lise Payette does not believe that she will live long enough to see the day of independence for Quebec.

In the book which she published this week under the title "Le pouvoir? Connais pas!", the former minister of state for women's affairs says she is still convinced that Quebec will get sovereignty some day.

But in an interview given to LE SOLEIL 2 days ago, she noted specifically that that day will not come before another 30 years have passed.

"In 1976," she explains, "I was thinking of joining those who were trying to see to it that a big door would be opened and that, even if we did not get sovereignty, we would not be far from it. "But since the defeat of the referendum, after the moves made by Ottawa," she says today, "I think that I will not see that day. I no longer think that this result will be achieved quickly. This going to be a long process, a long and difficult one, which will require much tenacity of those who are going to be doing the fighting."

What Time Is It?

A year ago, Payette announced her retirement from active political life in order, as she said, to speak more freely about sovereignty. Until this week, however, she had maintained complete silence on that subject.

"I needed time to sort things out in my head," she explained. "The book which I have written is a rather egotistical thing. I wrote it above all for myself; it was a way of turning the page."

It was said of "Pouvoir? Connais pas!" that it was devoid of bitterness, if not regret. The public above all will note the often amusing and sometimes incisive descriptions which Payette presents of her former colleagues. Of Rene Levesque who undresses women with his eyes, from the back. Or Jean Garon who tells everybody what he eats all the time.

But her conclusion is undeniably colored with pessimism. "What time is it?" she asks, like someone who is in a hurry so as not to be late for a rendez-vous and she adds without any great conviction: "I hope it is not too late."

When she writes that "we perhaps no longer have the means for realizing our dreams," Payette is not thinking of the cuts in public services. According to her, the reprisals instituted by Ottawa are such that "we no longer have the means to give battle."

"The moment Ottawa began to cut the funds which we should basically get," she explained, "that is the best way to make us shut up. Since the referendum, we have had nothing but failures. We no longer know how to resume battle."

#### Changing Men

Payette does not believe that the current administration team is capable of doing that. "There is a whole generation which has worn itself out on the issue of the referendum. Today it no longer has enough ideas and imagination."

"Mr Levesque's weakness is that he is not capable of revitalizing his team, of cutting the cord with certain personalities, of making a complete house cleaning and replacing the old with completely new stuff. After a certain time, one must have the courage to replace men."

"The most astonishing thing," she continues, "is that Mr Levesque in 1976 so emphatically insisted on saying that a minister's job was not a lifetime job."

As for the prime minister himself, Payette admits that he represents "something very strong in the eyes of the population" but she adds that it is always dangerous to put all your money on one man.

However, she does not know who would come after him. "Among those who are in line for succession, I do not see anybody whom I would be eager to support completely. Parizeau has some qualities, Marois had a few, and so does Johnson. But all of them have their weaknesses. Perhaps that would point to a composite of the three of them."

One thing is certain, it will not be Payette. "I am not eager to go back in into active politics; I have no desire to live that kind of life (a dog's

life) again. I have done my share; but there are many people who have not done one-tenth of what they could do. I yield to them; I am not at all indispensable."

Besides, "it is unthinkable for a woman to be able to become the head of a party or the government, and that goes for Quebec as well as Canada. The few women who occupied such positions, moreover, were forced to become 'men in politics.' Mrs Thatcher is the most beautiful demonstration of that today.

"A woman who would decide to come to power and remain a woman would immediately be rejected. What she would have to contribute would be too dangerous because that would be a real change in society."

#### Liberate the Party

In her book, Payette strongly reproaches Rene Levesque for having subjugated the party to his will after 1976.

"The party's chairman is wrong in trampling upon those who still think, who still live, who still have imagination in the party's own ranks. Otherwise he will wind up forcing them to go look elsewhere," writes the former lady minister.

In her view, the Quebec Party [PQ] must absolutely present a "blueprint for society" to the younger generation which would consist of its values--otherwise the youth would not espouse the cause of independence.

To do that, the PQ however would again have to become the party of ideas which it had before it came to power; that will be impossible so long as it remains under the tutelage of the government.

According to Payette, there is only one solution: Levesque must stop combining the jobs of party chairman and head of government. Otherwise, party and government are doomed to disappear.

"Now that I know what a government is," she explains, "I find this to be less serious than it might seem otherwise. At any rate, in the current economic situation, governments may wish to be different but they are obligated to do the same thing."

But if the party were to die of suffocation, the consequences would be infinitely more serious.

5058

CSO: 3100/637

## ATTEMPT TO BLOCK MAUROY'S VISIT TO ACADIA REPORTED

Montreal LA PRESSE in French 20 Apr 82 p A 4

[Article by Gilbert Lavoie: "Quebec Tried to Scuttle Mauroy's Visit To Acadia"]

[Excerpts] The government of Quebec last winter reportedly tried to obtain cancellation of the visit by French Prime Minister Pierre Mauroy to New Brunswick, offering the Acadian leaders a chance to meet Mauroy in the Old Capital, instead of receiving him at Moncton.

This was disclosed at LA PRESS by a spokesman of the Acadians of New Brunswick, who asked that his identity not be revealed.

These moves were made in the office of the secretary general of the National Society of Acadians, Bernard Richard, who then explored the situation among the Acadian societies in New Brunswick, Nova Scotia and Prince Edward Island.

"When Mr Richard talked to me, I refused to go along and I made him understand that, even if the Acadian leaders had agreed, the population would not be in accord," explained the Acadian spokesman of New Brunswick. According to him, the simple fact that the Quebec administration made such a suggestion was "daring." "Symbolically, Mr Mauroy's visit is very important for the Acadians," he concluded.

## Quebec Denial

At the French Affairs Bureau in Quebec, it was squarely denied that such a move had been made in dealing with the Acadians. "This never happened, that is completely wrong, and Mr Morin could confirm that for you tomorrow by disclosing the details of Mr Mauroy's visit to Quebec," said Mrs Louise Beaudoin's aide, Robert Cote.

In spite of everything, the news was confirmed by the press office of the Foreign Affairs Ministry at Ottawa after having been disclosed several weeks ago by Minister Pierre de Bane.

According to information obtained from the Acadians of New Brunswick, the Quebec attempt was only exploratory and did not get very far in the face of the obvious refusal of such an offer by the Acadians.

According to a federal official who is involved in the affair, Quebec was essentially trying thus to prolong Mauroy's visit in the Belle Province, so as to show that the efforts of its representatives in Paris had borne fruit.

#### The French Situation in Ontario

Ottawa and Ontario furthermore were able to win another little victory by persuading Mauroy to meet the French-speaking Ontarians at Queens Park, thus trying to show once again that Quebec does not have a monopoly on the French-speaking population of Canada.

The affair nevertheless entails the risk of arousing an outcry of protest in Ontario: the leaders of the ACFO (French Canadian Association of Ontario) learned from the representative of LA PRESSE yesterday noon that they would not be invited to that meeting with the French prime minister.

Queens Park, as a matter of fact, decided to limit its invitations to the members of the French-speaking Affairs Council of Ontario, a consultative group appointed by the provincial government. "The ACFO does not represent all French-Ontarians," was the laconic explanation given by a spokesman in the office of Prime Minister Bill Davis to convey the meaning of this gesture.

ACFO spokesman Yves Breton told LA PRESSE that his group would protest against such an attitude by the government in Ontario. "We do not want to have government officials speak in our name," he declared.

5058

CSO: 3100/637

## DANISH PAPER ON LOW EXPECTATIONS FOR EEC CHAIRMANSHIP

PM060915 Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 82 p 10

[Editorial: "A Chairman's Ambitions"]

[Text] The government would do well to tone down a little its expectations for Denmark's chairmanship of the EEC. Taking charge of the functions of the European communities for the 6 months which begin today is a difficult and demanding task. It will be a burden on the Foreign Ministry's organizational ability, and it will be hard work being responsible for the criss-crossing network of European negotiations. If the Danish Government succeeds in carrying out all these tasks effectively it will do well, and there will probably be praise for hosts and negotiations chairmen if they deserve it. But there is no reason to pretend that the chairmanship will give the Danish Government any special or significant influence on the course of European cooperation. It is not the function of a chairman to promote his own views and goals. On the contrary, it is his duty to let his national sentiments bow to the good of the whole.

Foreign Minister Kjeld Olesen, who will carry the greatest burden as chairman of the Council of Ministers, has said on several occasions that the theme of Denmark's chairmanship will be the fight against unemployment. This is a cause which both he and [Danish Prime Minister] Anker Jorgensen have promoted in the councils of Europe on several occasions with limited effect. The economic policy of individual nations is not directed by the EEC, and the Danish foreign minister does not have greater influence on other nations' investment programs when he is in the chairman's chair than when he speaks from his usual seat. Kjeld Olesen has also decided that one of his tasks as chairman is to bring the negotiations on Spanish and Portuguese admission to a successful conclusion, but it is not his intentions--no matter how good they are--which are the decisive factor here. No matter who is chairman, it is France which determines how quickly these negotiations will progress.

As a result of this week's EEC criticism of the United States from the Brussels summit the foreign minister has now found another task as chairman--calling for restraint in relations between Europe and the United States. He wants to try to turn European disappointment at the one-sided U.S. sanctions policy into "an open and broad dialogue with the Americans in which things which up to now have been kept hidden, as it were, will be explained." No doubt this is

extraordinarily well meant, but this is something lying far beyond the reach of the ambitions of the EEC chairman. The lesson of history from previous Danish chairmanships is that the U.S. Government finds it extraordinarily difficult to hear what is being said when Denmark speaks on the EEC's behalf. There is not sufficient European resonance in Denmark's voice and there is absolutely no reason to expect U.S. receptivity to have improved recently. Kjeld Olesen would benefit from limiting his activities to the European forums where everyone will listen when he bangs the chairman's gavel.

CSO: 3106/138

## INTERNAL DISSENSION IN CDU REPORTED, DENIED

## 'DER SPIEGEL' on CDU

Hamburg DER SPIEGEL in German 14 Jun 82 pp 28-31

[Article: "Kohl Is a Disaster for the CDU/The Union Before Gaining Power: Dissension About Personalities and Policies]

[Text] There was a great to-do in the presidium of the Christian Democratic party on the day after the CDU election victory in Hamburg.

Congratulations had been exchanged, the chairman had given his situation report when the cozy picture of brotherly unity, which the CDU projects in public, was shattered. The gentlemen preferred to tear into each other rather than celebrate together.

Schleswig-Holstein's Minister-President Gerhard Stoltenberg had a frontal attack on the party chief: Helmut Kohl shows weakness in leadership; everything is topsy-turvy in the CDU--and this at the very time when the voters are favorably inclined.

Kohl's most dangerous rival at present in the struggle for the candidacy for chancellor documented his accusation with a marginal theme: Twice the CDU presidium clearly affirmed that Laender ruled by the Union should recognize the diplomas of comprehensive schools; and both times the decision was made with Kohl's vote.

Then in Wuerzburg, however, at the most recent conference of CDU and CSU faction chairmen, Kohl supported their rejection of this decision. The party chairman cannot arbitrarily disregard the decisions of the highest body of CDU leadership: The party platform applies to him, also.

What Stoltenberg did not have to spell out, because everyone was aware of it: The CDU chairman had once more buckled under to pressure by the CSU, leading opponent of the comprehensive school. Once again, Kohl proved himself a zealous executor of Franz Josef Strauss' will.

Then Heiner Geissler no longer restrained himself in the presidium. He accused the chairman of not respecting the office of secretary general--after all, he was not hired by Kohl but elected by the party.

And again, without saying so, everyone knew that Kohl, under a higher mandate from Bavaria, has been trying to humiliate CDU Secretary General Geissler, a Strauss opponent.

The latest row for the moment, between erstwhile friends Kohl and Geissler, arose when the secretary general wanted to denounce in a press release, as too generous, the Federal Government's new guidelines on weapons exports. However Kohl, keeping in mind his political friends of the CSU arms lobby, forbade distribution of the Geissler commentary through the party's press office, behind the secretary general's back.

Finding himself cornered in the presidium, the party chief tried through loudness to lend strength to his arguments. He was tired of the secretary general's arbitrary ways, he roared; Geissler could not continue trying to decide CDU policy on his own.

Hesse's leading CDU candidate, Alfred Dregger, interposed himself. He, who uses the election campaign slogan, "We are different from the others, the CDU is the only party without dissension," was afraid that the row might penetrate to the outside and endanger his election victory on 26 September.

Another top CDU man enjoyed the squabble silently--Lower Saxony's Minister-President Ernst Albrecht, chancellor candidate Helmut Kohl's second challenger, after Stoltenberg. Albrecht had made waves at the presidium's previous meeting. At that time, party friends accused him of a breach of party peace; in a radio interview, Albrecht had affirmed his claim to the candidacy for chancellor and had not removed his hat from the ring despite opposition.

Albrecht, blocked as a candidate in 1980, confided to ministers of his Hannover cabinet his opinion of the man who has the best chance these days of becoming Helmut Schmidt's successor in the office of chancellor: "Helmut Kohl is a disaster for the CDU."

And [further]: "Kohl must not govern this country. We must do everything to govern this country, but it can't be done with Kohl."

Albrecht about himself and his rivals: "I am the only one capable of doing it."

No matter how violently the battle rages beneath the surface among the Christian Democratic leadership--the CDU has managed superbly to hide its true condition from the public. The scepticism of many leading Christian Democrats vis-a-vis Kohl's competence; the uneasiness over Franz Josef Strauss' domineering influence on the course of the Bonn CDU; the smoldering conflicts between CDU left and right wing groups about essential questions of economic, finance and security policy--very little of it has reached the awareness of voters and sympathizers.

Publicly undisturbed, Helmut Kohl can sing the hymn of unity and harmony, which thanks to his leadership [according to him] have become the trademark of the Union parties. As he last stated at the CSU party meeting in Munich

at the beginning of June: The "very friendly" support from the CDU and CSU which he experienced in past months, "this solidarity of the Union, prerequisite for victory today, tomorrow and the day after," all that had been a "precious experience" for him.

Such professions, even if accompanied by Strauss' smirking grin in the Bavaria Hall, make an impression on the voters. The momentum of West German citizens towards the seemingly sound world of CDU/CSU continues unbraked: If elections were held next Sunday, opinion polls show that 51, and even 35 percent, of the votes would go to the Union parties.

FDP and SPD politicians watch unnerved how their adherents flock to a party which in recent months excelled at sheer do-nothingness: Conflicts were not resolved, it offered hardly any alternative, it has no program for the day when it intends to take over the government in Bonn.

FDP chairman Hans-Dietrich Genscher, not entirely blameless in the country-wide trend reversal favoring the CDU, stated last week that the Federal Republic was in the throes of becoming "a CDU nation." The liberal politicians coined the classic slogan: "Eyes closed, CDU." [The slogan rhymes in German.]

Should the Free Democrats close their eyelids soon and make their way to the CDU, it is quite possible that shortly after the Union's taking power, the long-suppressed conflicts about direction and personalities will erupt. And then it may turn out that the CDU/CSU claims of knowing everything better were just as unfounded as their public pronouncements of unity and harmony.

The greatest challenge for Christian Democrats in power is the question of unemployment running to millions, with which the flagging social-liberal coalition cannot cope. The Union parties also do not possess a "magic formula" (Strauss) to remove this "biggest chunk" (social committee member Norbert Bluem), to cope successfully with this "greatest test" (Stoltenberg). Cautiously, their speakers only indicate general trends which, according to taste and need, can be imbued noncommittally with meaning; they also bear a fatal resemblance to the feeble phrases of the ruling coalition.

Rhetorically, Norbert Bluem is just as familiar as Franz Josef Strauss with the necessity of transforming consumptive government spending into investment spending, of promoting private investment, and still proceeding in a "socially balanced" manner; how this is to be accomplished in detail is not being explained.

Union politicians are not moved by the accusation that they have no more to offer than the muddling government,--be it the formation of property program, or the problem of tax concessions for company writeoffs. The difference, according to Ernst Albrecht: "They do not have the political strength to push it through."

CSU politician Theo Waigel, rightwing economic spokesman of the Union, opines that no one believes the present government any longer, no matter "how right the laws they put on the books."

The Christian Union trusts in the auspiciousness of a new beginning. The confidence in the "positive effect" of a Christian-liberal coalition, in Ernst Albrecht's opinion, is justified for the reason that industrialists can rely on the fact that a "party favorable towards enterprise" would be at the helm.

Theo Waigel: "Everybody knows we will not institute surcharges, [collect] employment levies, or increase the tax burden."

The Union leadership is also aware how fast the psychological effect of a change evaporates if it is not followed quickly by deeds promising success. This they learned from the example of Ronald Reagan, who upon taking office was vigorously supported by big business. Six months later, when economic indicators deteriorated, Wall Street wanted to have little to do with Reagan.

The Christian Union is almost afraid of the first few months at the helm of government, during which they perhaps have to make some hard decisions--no matter how hard they are straining towards responsibility after almost 13 years out of power. Strauss intoned the motto: "These are no heavenly pleasures." The "difficult period of recovery" would take more than 2 years, and would not yet be completed after 4; in this he agrees with his archenemy, Ernst Albrecht.

The Union will have to get through this "dry stretch," according to a cautious Strauss. At first there would be "expectation, then hope, then impatience, then perhaps disappointment." And during all of this time, admonishes the guide from Munich, "we must not lose our sense of direction."

This sense of direction, beyond highminded principles, has yet to be found. Whether it is a matter of sacrifices or the granting of new favors, at least two irreconcilable opinions can be found on any specific problem within the CDU/CSU.

For example, if it is a matter of the cuts frequently demanded in the social net, then economic expert Stoltenberg immediately recalls rent subsidies where savings must finally be effected. According to his plans, rent expenditures are not to increase by almost 40 percent as in Schleswig-Holstein, but, at most, at the same level as overall public spending, i.e., by about 4 percent.

Stoltenberg's party friend Wolfgang Vogt, from the leftwing of the CDR, sees it differently. If the CDR, in order to stimulate housing construction, is willing to accept rising rents, then it is clear that savings cannot come from rent subsidies. Vogt: "That is a deliberate effect."

Excerpts from the list of contradictions:

If an unpaid waiting period for sick employees were introduced, this would mean a crossing of the "death line" for social committee member Vogt; Norbert Bluem considers such a demand a step "back into the 19th century." His chairman Helmut Kohl is of a different opinion: "This must be discussed."

For CDU employees, a lowering of unemployment benefits is out of the question; improving the federal budget in this manner is considered a "foolhardy thought" (Wolfgang Vogt). One CDU minister-president says it directly: "If necessary, we would agree to a certain cutback in unemployment benefits."

All Christian Union politicians promise the people an active policy for the formation of property. It is the goal of the social committees that, through collective agreements, a part of the wage increase be made as an investment wage (not paid out at first to the employee) which can serve industry for refinancing. This, however, requires outside funds not held by the companies, but by the trade unions--sheer devil's work for the CDU economic council, the club of entrepreneurs. Without those funds, the CDU would have to push through its formation of property program against the opposition of the trade unions--a hopeless undertaking.

At first glance, the intention to cut all subsidies by a certain percentage appears undisputed. Only by pointing to this principle of equality might the groups affected by it not oppose it. But the unity is misleading: CDU minister-presidents count among subsidies not only financial assistance and tax concessions, but also "entitlement programs: such as rent subsidies, unemployment compensation, unemployment assistance; cuts with garden shears in this sector are definitely not acceptable to the party's leftwing.

The Christian Democrats want to make special efforts to provide more assistance to large families. Ulf Fink, social senator in Berlin, has confidence in an active family policy: the money will "come from the fiscal people." Economic spokesman Waigel sees it in a different light. With the exception of the military, "no other sector can be served at once."

The emphasis, it appears, is on the word "at once." Introduction of a "baby year" for mothers, which will count as a working year in computing pension claims, will definitely be adopted; but this boon is not to be applied to women who already have children, as planned by the SPD, but rather to those who become mothers after passage of the bill.

The advantage of this solution: The Christian Democrats can not portray themselves as the champions of women and families; the cost will only fall due 30 to 40 years hence when today's mothers will apply for their pensions. Even this proposal is too much for Strauss; he considers it a dubious practice to raise even the slightest exception in the voters.

Despite the many contradictions, all CDU politicians are certain that, if the contingency arises, they could present a more or less balanced platform of future economic and social policies. They base this confidence on the pressure to perform which can be expected, and which will forge together the divergent wings of the party, automatically forcing decisionmaking.

The most important and painful operations--wherever they may take place--are to be carried out during the first 3 months after the change of power. However, should "special interests" come to the fore if the Christian Democrats cannot cope with "everything at once," then "we shall fail without any doubt"--as Waigel predicts. Stoltenberg: "Skepticism can only be disproved by trying."

The Christian leadership would be happiest if it came to power through early elections, and then had 4 years to prove itself. If the FDP switches directly, a center coalition of Christian and Free Democrats would have every reason to fear the next regular parliamentary election in 1984; it would have little time in the unfamiliar business of governing, and not enough freedom of action to show successful results in the matters of unemployment and budgetary improvement.

Furthermore, if the Geneva disarmament negotiations between the Soviet Union and the United States do not bring results, the deployment of the new U.S. medium-range missiles is due at the end of 1983, under the NATO two-track decision. If the CDU has to face the voters shortly after the arrival of the missiles on German soil, as the "missile party" it might well lose its not yet well-established power; on the subject of peace, the party makes a poorer showing in opinion polls than its competition.

An election campaign on the new nuclear missiles in 1984 would be all the more dangerous for the CDU, since even now many liberal figures in the Bonn party or faction leadership have less and less of a say, and instead the hawks are increasingly setting the trend.

No one in Kohl's circle quite believes that Kohl, as chancellor, would once more be as lucky in the selection of his coworkers as when he was minister-president in Mainz. For too long now, the CDU chairman has not demonstrated his capacity for surrounding himself with first rate people who compensate for his limited competence.

Instead, for fear of competition, he purged the leadership of those men: Walther Leisler Kiep, Kurt Biedenkopf, Richard von Weizsaecker, Walter Wallmann, all people of stature, and relegated them to state and local politics.

Now he is no longer free in the selection of his cabinet. Today, Strauss has ensured his decisive influence on the new cabinet list, as a consequence of a "historic mistake by Kohl" (a member of the CDU presidium).

After the election lost by chancellor candidate Strauss in 1980--the second worst election results for the Christian Union--the CSU was subdued as never before. At that time, it could not have opposed a CDU demand that the future chancellor candidate be decided by a joint body in which both CDU and CSU would be represented according to the actual number of their voters, and not on a basis of parity. In such a body, the CSU would always have remained a minority and would have lost its decisive influence.

But Kohl refrained from forcing the CSU into this submission; the CDU chief was more concerned with personal gain: Without this new body, he was the candidate for chancellor. Strauss had to commit himself to support Kohl's candidacy, at least for the duration of the current legislative period.

Advantage for Kohl: He was able to cut out his rivals, Albrecht and Stoltenberg, who had both counted on the fact that, after the serious defeat

in the last election, the question of the next top candidate would be raised in 1983, at the earliest.

Advantage for Strauss: The opposition leader's ambition protected the Bavarian from blame from CDU ranks; and once again, he could play the king-maker of the Christian Union.

This role is being played up big by the CSU chief. Some weeks ago, Strauss informed the SUEDEDEUTSCHE ZEITUNG that, in a Bonn cabinet, he, as finance minister, would be the actual head of government; Chancellor Kohl would have to commit himself to binding his fate to that of the finance minister and his financial reorganization plan. Later on, Strauss played variations on this theme: Actually, the chancellor did not matter very much; what really matters is the "capability, quality and composition" of the cabinet.

Strauss has already reserved the best posts--the Finance Ministry for himself, and the Defense Ministry for his pal Friedrich Zimmermann, chairman of the Bonn CSU state party. Bundestag member Oscar Schneider is to get the Ministry for Housing, until now of little importance, and Hans Maier, Bavarian minister for Education and Cultural Affairs, the Ministry for Education and Science.

In case of a coalition, Strauss has already publicly guaranteed the FDP its domain: the Ministry of Foreign Affairs, Ministry of the Interior, Ministry for Economics, and the Ministry for Food and Agriculture. Strauss would like to place a liaison man in the chancellor's office ruled by the CDU, namely CDU Bundestag member Philipp Jenninger, who at present serves as parliamentary manager of the CDU/CSU and who formerly was Strauss' political desk officer in the Ministry of Finance.

For the CDU, only lesser posts were left on the cabinet list: such as the ministries for Youth, Family and Health, Economic Cooperation, Justice, and Research. But Strauss will brook no interference with the principle that the CSU, like the FDP, is an autonomous coalition party. Only if the FDP were to give up one ministerial post would the CSU also content itself with three ministries, and would probably give up the Education Ministry.

If the Free Democrats would agree to move Interior Minister Gerhart Baum--he is considered a "security risk" by the CSU--to the Justice Ministry, kingmaker Strauss would also be inclined to cede the Defense Ministry to the CDU, and to make pal Zimmermann Baum's successor at Interior.

Probably Manfred Woerner would go to the Hardthoehe [Defense Ministry]; although more restrained than Zimmermann, he also is a politician who, first of all, wants to give a large boost to the military budget.

Friends of detente, like Richard von Weizsaecker, hope that things won't turn out all that badly once Strauss and Zimmermann are in power in Bonn: the Berlin mayor stands upon the CDU "Berlin declaration" on foreign and security policies, in which the party clearly committed itself to the principle that defense readiness, detente and disarmament were all of equal importance.

CDU Secretary General Geissler has had experience in the value of party resolutions: "Whenever I represented the clearcut party line, there were big rows with Kohl and the CSU."

Franz Josef Strauss is boastful now: From the beginning, he had warned Kohl against engaging "this Geissler."

#### CDU Denies Report

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Jun 82 p 1, 2

[Article: "Kohl: Recent Problems Are Cleared Up."]

CDU chairman comments on meeting of presidium. Albrecht and Stoltenberg issue denials.

[Text] Bonn, 14 June--"I am quite certain that this talk has cleared up the problems which occupied us recently." During a talk on Monday, CDU chairman Kohl evaluated with these words the discussion in the party presidium of the differences which have lately arisen between him and his secretary general, Geissler. In the extraordinary meeting called on Saturday, in which this discussion played a large role, all members were unanimously of the opinion that the secretary general must conduct party business "in agreement" with the party chairman. They were also unanimous in agreeing that the secretary general has a political, not only an organizational task, and that he must be given the necessary freedom of action.

As Kohl further stressed, Minister-Presidents Albrecht of Lower Saxony and Stoltenberg of Schleswig-Holstein had both made "unequivocal statements" to him regarding all reports about "supposed disputes" in the last meetings of the CDU presidium. Albrecht issued a denial of the report by the Hamburg magazine DER SPIEGEL, according to which he is supposed to have said, in front of his cabinet minister: "Helmut Kohl is a disaster for the CDU...Kohl must not govern this country. We must do everything to govern this country, but it can't be done with Helmut Kohl...I am the only one capable of it." Upon inquiry by this newspaper on Saturday, Albrecht labeled these claims "outrageous" and "freely invented in this form" and added that nothing in that article about him was true. In a telegram sent on Monday to the CDU chairman, Albrecht tersely stated that these remarks were "freely invented." Stoltenberg wrote in his telegram that it was incorrect to claim he had attacked Kohl in one of the last presidium meetings.

As confirmed by Kohl, among the subjects discussed on Saturday was also the nomination of the candidate for the chancellorship in 1984. In case the CDU has to go into the elections as the opposition party, it was decided by the presidium, unanimously and without limitations, that this nomination should take place during the second half of 1983, with the approval of the CDU. It was further agreed to continue the talks with the CSU in such a way that this timetable could be adhered to. As Kohl further stated, during the course of the meeting he pointed out once more that he was willing to discuss "personalities" as soon as there was the chance for a government

takeover by the Christian Union. Besides, he considers it a mistake to discuss this subject as long as the question of taking over the government does not arise.

Explaining the circumstance of the CDU presidium meeting at an unusual time like a Saturday afternoon, the CDU chairman stated that, at the last regular presidium meeting on Monday after the Hamburg elections, there was barely an hour's time for consultations because of a party board meeting scheduled right afterwards, and that there had not been enough time to sufficiently discuss the questions at hand. Since the planned presidium meeting of 9 June was the last one before parliamentary recess, the necessity had arisen to meet once more before the summer break. From this stemmed his proposal to meet on Saturday of the same week. In the course of this meeting, the situation arising from the weakness of the Federal Government had been discussed thoroughly, with special emphasis on aspects of the peace movement and events in Berlin on the occasion of the Reagan visit. Further subjects had been the development in Hamburg, the state of their own party's preparations for elections in Hesse, and the "state of discussions of the other parties in Hesse." With regard to developments in Bonn, courses of action were considered to assure immediate and appropriate CDU reaction to developments in the budget discussions in Bonn. Lastly, the next presidium meeting was agreed upon for the end of August. As to the overall course of the meeting, Kohl said that there had been general agreement that it had been very work-intensive, and the atmosphere had been very pleasant.

9917

CSO: 3103/514

STOLTENBERG ON CDU'S PROSPECTS, FUTURE COURSE

Bonn DIE WELT in German 19 Jun 82 p 3

[Interview with Schleswig-Holstein Minister-President Gerhard Stoltenberg (CDU) by Bonn WELT correspondent Manfred Schell, date and place not specified: "We Must Very Quickly Demonstrate Our Ability To Act"]

[Text] Schleswig-Holstein Minister-President Gerhard Stoltenberg (CDU) counts on the fact that the election in Hamburg and the decision by the Hesse FDP in favor of the CDU will have FRG-wide political repercussions. The Union, he feels, must therefore be prepared to face two things in these politically charged times: On the one hand, it is important to "hold one's breath within the 1984 perspective" but on the other hand to "give careful thought" to a possible change of government prior to that date.

WELT: Mr Minister-President, what effect will the Hesse FDP's decision have on Bonn?

Stoltenberg: The coalition statement by the Hesse FDP in favor of the CDU will have considerable impact beyond this Land. What we have learned in Hamburg is this: The SPD and FDP can no longer muster majorities even in their strongholds. The Hesse FDP is taking this into consideration. The Hamburg and Darmstadt results reinforce the signals for a change in Bonn. But this may take some time.

WELT: In recent days we heard reports about disagreements within the CDU concerning offices and personnel. What future course would you recommend to the Union?

Stoltenberg: This mass of partially self-contradictory speculation can be evaluated only against the background of the most unusual political situation in Bonn. At least since last summer we have basically had an FRG Government subject to recall. Since then arguments within the coalition have been exacerbated. Many people inside the SPD and FDP are talking about a change in government. It is a fact that never since 1949 has there been a Federal Government, a parliamentary majority, as quarrelsome and unable to act as the Schmidt/Genscher cabinet.

WELT: What are the effects of this situation upon the Union?

Stoltenberg: It creates anticipatory pressures upon the Union. The CDU and CSU must pursue their policies for the long haul in looking forward to 1984. It is our task to continue being capable of taking action, in the present situation as the opposition and at the same time as the majority in the Bundesrat. But internally we must of course give careful consideration for preparing for a possible change of government. We would get into difficulty if every discussion, every critical inquiry on current matters were to be followed by individual speculation within the party and fraction leadership. All leading Union politicians share the responsibility for safeguarding unity in goal-directed policy, despite this incessant speculation.

WELT: Are the CDU and CSU basically looking for a quick change in government?

Stoltenberg: Unanimity within the Union, especially on the most important internal policy matters, is greater now than it was in the early or mid-1970s. There is no question at all about fights among party wings. We are all aware of the immense burden of unsolved problems which would be inherited by a new CDU/CSU government, whether it should come into power in 1984 or even sooner. We have come to agreement on the outlines of new policies, but many details need to be clarified and firmed up. There is no doubt that decisions made during the first few months will tell whether the new beginning will be successful. We must very quickly demonstrate our ability to take action, especially in the central area of breathing new life into the economy, the elimination of obstacles to investment and the creation of a better climate for investment.

WELT: In instituting severe austerity measures, do you expect massive resistance on the part of the big organizations, e.g., the labor unions?

Stoltenberg: Psychological conditions are better now than they were 3 or 5 years ago. After all, disappointment has been a factor in the downfall of the Schmidt/Genscher regime and in the severe loss of confidence in the coalition parties. This is a painful, but to a certain extent also a beneficial process. People have in the meantime found out that we have lived beyond our means as a result of wrong policies, and they realize that certain restrictions are mandatory. There is a justifiable concern that this may affect some groups more than others.

WELT: What would be the tasks of a Union-led government during its first 100 days?

Stoltenberg: Experts among the politicians of all parties agree that the public finances must be restructured. Without such restructuring, leading to an enduring upswing in investments, there would be no way to solve the unemployment problem. This presupposes reductions in all areas other than investment expenditures: In salary and management costs, in subsidies and production laws.

WELT: In implementing such policies, do you expect confrontation with the labor unions?

Stoltenberg: Some rethinking is taking places even within parts of the unions. Workers are forced to accept wage cuts for the third year in a row. The unions consider mounting unemployment as a great challenge. Certainly there may be disagreement on details, but I do not believe that we must count on total confrontation. But I want to make this quite clear: A policy of restructuring the public finances with unavoidable encroachment on lawful property can be convincing only if it is tied to an overall concept for getting the economy going again.

WELT: Will it be possible to implement the Union's overall policy, as it appears in the resolutions, in concern with the FDP?

Stoltenberg: In the areas of economic and social policy I consider this possible. In other areas, e.g., in legal policy and in matters of internal security, it will not be so simple.

9273

CSO: 3103/541

## PSF OFFICIAL ON NEW ELECTION LAW, ECONOMY, CGT TACTICS

Paris LE JOURNAL DU PARLEMENT in French 1-15 Jun 82 pp 1,12

[Interview with Marcel Debarge, PSF national secretary by LE JOURNAL DU PARLEMENT; date and place not given]

[Text] Marcel Debarge is a front-line activist. Originally a member of the PSU [Unified Socialist Party], in 1965 he joined the SFIO [French Section of the Workers International (French Socialist Party)] and became a member of the Socialist Party Steering Committee at the Epinay congress. In 1977 he was the mayor of Pre-Saint-Gervais and later senator from Seine-Saint-Denis.

In 1980 he assumed the duties of Transportation Ministry budget reporter in the Senate while at the same time serving as assistant to Francois Mitterrand on matters concerning business firms. In May 1981 Marcel Debarge participated in the first leftist government of the Fifth Republic as secretary of state in charge of vocational training. In Valence he was assigned the high diplomatic office of national secretary in charge of external relations.

Marcel Debarge lives up to the image of the pivot role that has fallen to him in the party. A straightforward, direct and loyal fellow. He is an earthy man who has sunk his roots into the long history of men and ideas and who livens his district with his dynamism.

[Question] Mr National Secretary, may I ask you why the chief of state refused to receive a Socialist Party delegate prior to his press conference?

[Answer] Socialist Party national leaders normally and regularly meet with the president as a delegation. They also have regular meetings with the prime minister and members of the government. In this I see nothing but a very normal situation; there is absolutely not a shadow of disagreement. Each party plays his proper role.

[Question] The French economy is in a difficult situation. The government speaks of rigor. Is this compatible with Socialist Party plans?

[Answer] In policy matters, and especially in this period of international crisis we are going through, all times are difficult. Socialist Party leaders feel that it is necessary to discuss the policy of rigor and actually, as far

as I am concerned, I believe that we in fact have to pursue a policy of rigor, of truth, and the government is doing so with regard to the public. But whoever speaks of a policy of rigor speaks of a policy of solidarity. It is only fitting for us to define what that means. I am one of those who think that solidarity is appropriate on condition that it is fair, which was not Mr Barre's policy, one which tended to let the less poor pay for the poorer. Solidarity yes, but fairly pursued. We are very well aware that everything that has to do with the international economic crisis requires such an option.

[Question] Do you concede that we can pause for a moment?

[Answer] If it is a "coffee break" to revitalize our energies, I say yes. But I would really like to know what the word means! I believe that we have to go on with our structural reforms and prepare for the future in terms of the economy. The president, moreover, clearly spoke out in favor of this during his speech at the Versailles summit meeting on the need for investments in technology in order to ensure better times in the future. I think that there can be no pause, even less so in the domain of freedoms, work and autonomy.

[Question] But the economic indicators are flashing red, aren't they?

[Answer] I agree in saying that the campaign against unemployment has begun but that it is an extremely difficult one to wage. But I also maintain that we must in time plan qualitative social advances. Let us not forget that we have 4 and 6 years ahead of us and I repeat that, while we discuss things among ourselves, there is no disagreement between the party and the government. Each of us has his battlement. The role of the Socialist Party lies in the turbulence of ideas, in its power to make proposals and act. It is true that we had a hard time moving from the opposition into the government, but now we must assume our responsibilities, and there will be no pause on that account, I assure you.

[Question] Mr Schwarzenberg seems to set himself off from the Socialist Party. Might President Mitterrand see in him that someone likely to put together the famous Center-Left coalition?

[Answer] You know, the Center-Left situation doesn't depend on an important figure, rather it essentially depends on a political situation, an event and current reality. What I believe is desirable in France is probably for there to be a Center-Left insofar as it aligns itself with the presidential majority, thus with a vast people's rally that goes beyond an alliance with the Left. It will only fully perform its role under such conditions.

[Question] What are the provisions of the new electoral law?

[Answer] The new electoral law poses several problems. First of all, our relations with the French Communist Party (PCF). The latter has its own opinion, which has, moreover, to some small extent evolved, and it is now very probable that we will reach an agreement with the PCF on the way elections will be handled. On how to develop the situation as concerns outgoing mayors, more particularly Communist mayors. They tell us that we are gluttons. As for me,

I would reply to our comrades in the PCF, with whom I hope to enter into the best possible agreement, that this will not be handled by employing the Coue method, which consists of saying: "I'm the outgoing mayor and I want to be the incoming mayor," and that matters will evolve in a positive way. Several factors have to be raised and dealt with for future elections: 1) local conditions; 2) joint management of the Left; 3) the results of the 1981 and 1982 elections. We cannot erase them. There has been an evolution which we must take into account while hoping to rally wide support.

Having said this, to get back to the way of handling elections, there are two or three essential facts to be considered. First of all, minority representation, which will be a considerable event in comparison with the past, but you realize that we will give strong support to the list [of candidates] backed by the absolute majority, thus permitting effective administration. Then, we say that the method of balloting which we advocate involves two rounds. In most cases, we will sound out the chances for agreement with our leftist partners in the first round, but we say that, if unfortunately there should be no agreement in the first round, there would of necessity be agreement in the second round, whereas proportional representation is a factor that promotes disunity, and it is thus logical for each party to agree for its own good right off in the first round. We don't want to water ourselves down into a sort of conglomerate. We are, in any event, prepared to discuss any adaptations that may be necessary. That remains to be seen.

[Question] Aren't you afraid that the CGT [General Confederation of Labor] may one day play a destabilizing role in this country?

[Answer] On the one hand, we have to agree on what we mean by "destabilizing." When we want to restore labor-union freedom at Citroen, I think that is a good thing. When we want to restore or develop labor-union freedom in other private companies, I say that that is necessary. In this area, we notice that the CGT is not alone in directing the action. The second point is to consider the CGT in not quite the same way we are used to considering it. The CGT is also the fact that from 35 to 40 percent of its voters voted in the first Socialist round, which means that this is not as easy as giving an order to destabilize the situation. If, however, this is what the CGT intends to do, it is not I who am saying so but you who are asking the question.

[Question] You are the author of a report on the statute governing local elected officials and the lumping together of offices. Could you tell us what this would cost communities and when this report will be submitted to the National Assembly?

[Answer] The prime minister and the minister of state for interior have indeed accorded me the honor of presenting this report. Actually, the two things are linked. It is a matter of coming up with an elected official who has the means, with an elected official who is a civil servant and with an elected official who has retired in order to achieve true democracy. The local communities will in part pay for the expenses. These expenses will easily be recovered since the elected official will be able to very closely follow the affairs of the community. I am, of course, not questioning the

competence of communal personnel and those elected officials who really in all conscience do what they can and do so in the most honest and proper way, regardless of their political affiliations. However, they constantly need more time, more knowledge.

This is perhaps an expense, but an expense that is an investment. This system is employed in many countries. We also have to provide for a priority public announcement if the term of office is not renewed. This will permit us to raise the moral standard of public life, which is true democracy. The hope that we would like to realize would be to get the statute governing local elected officials and the lumping together of offices adopted before the next municipal elections. We must be cautious, but I believe that that would be desirable.

11,466  
CSO: 3100/756

## CONSCIENTIOUS OBJECTOR STATUS: PROBLEMS, NEW LAW REVIEWED

Paris ETUDES in French Jun 82 pp 769-780

[Article by Christian Mellon, S.J.]

[Text] For the past several months, a new law on conscientious objectors has been under study in the Prime Minister's Office. Will it be brought before Parliament after the summer vacation, or will we have to wait for a more general debate on the reorganization of national service? So far, we cannot say. The second possibility would have the disadvantage of prolonging a situation that has already lasted too long: more than 3,000 young men are currently in an irregular situation as far as their national service obligations are concerned, and for some of them it has gone on for 10 years. They are the young men who were granted conscientious objector status but who--for reasons that will be made clear here--have not done their nonmilitary service as a substitute. The conflict might be regarded as unimportant compared to the many serious problems with which the government must concern itself. Moreover, since conscientious objectors rarely cause disturbances in the street--except for a few demonstrations from time to time--and since public opinion does not clearly understand what is involved in the debates on conscientious objectors, the government is under no great pressure to pursue the "change" in that area.

The current situation is explained basically by three factors: the highly restrictive nature of the present law, the regulations contained in the "Bregancon Decree," and the politicization of conscientious objectors which has led them to refuse to fit into the mold designed for them by that law and that decree.

It was in 1963 that France's legislative system first recognized the status of conscientious objector, and in doing so it was very late in following the example set by other countries in North Europe.<sup>1</sup> Conscientious objection is Anglo-Saxon and mostly Protestant in origin, and it was slow to develop among us, although there were a few cases between the two world wars.<sup>2</sup> It was the Algerian War that brought the first notable increase in the number of conscientious objectors, but they were harshly repressed: in 1958, the law limiting their time in prison to 5 years was considered "humanitarian." Well-known personalities such as the anarchist Louis Lecoin, but also Father Pierre, Albert Camus, and Jean Cocteau, undertook official steps to get a new law passed. General De Gaulle, while admitting that it was "absurd and disgraceful to treat conscientious objectors like delinquents," let it be known that the time was not right: it would be considered after the war.

On 1 June 1962, 2 months after the Evian Accords, Louis Lecoin, who was then 74 years old, began an indefinite hunger strike to remind De Gaulle of his promise. He would not agree to eat unless the government committed itself in writing to submit a bill to Parliament recognizing conscientious objection. On 21 June, yielding to pressure from public opinion, which had sided with the old anarchist, Prime Minister Georges Pompidou announced that a bill would be debated in July. Actually, it took 1.5 years for the text, altered by a great many amendments--most of them authored by Michel Debre and limiting its scope--to become law: on 11 December 1963.

It is that law, slightly revised in 1971 when it was incorporated into the "National Service Code,"<sup>3</sup> which still governs the conditions for obtaining and exercising the "status of conscientious objector." It provides that young men who "declare before their induction that because of their religious or philosophical convictions, they are opposed under all circumstances to the personal use of weapons" may be allowed to perform nonmilitary service for twice as long a period and "in a civilian group doing work in the general interest." So only "religious or philosophical convictions" are acceptable, and this excludes from the start the increasing number of young men whose refusal to serve is based on criticism of France's current defense policy--notably its nuclear component. The expressions "personal use of weapons" and "under all circumstances" are intended to exclude from the law's provisions those who would like to give their refusal to serve a collective dimension, as well as the "selective objectors"--that is, those who oppose a particular war (as happened during the Algerian War) but do not reject a priori and on principle all use of armed violence.

The highly restrictive nature of those provisions has led a great number of young men to conceal their real motivations in order to qualify as conscientious objectors. Others have chosen to admit their political motivations, with the result that instead of being recognized as conscientious objectors, they are regarded as guilty of failing to report for duty. On being brought before the military courts,<sup>4</sup> they are sentenced to prison terms of up to 2 years.

Another troublesome point in the current law concerns the period (15 days in 1963 and 30 days since 1971) in which the objector is allowed to file his application for conscientious objector status. After that time, there is no appeal. The result of that short filing period is that many applicants for conscientious objector status, being poorly informed, take steps too late and are then considered absent without leave. Experience has shown, incidentally, that many young men do not contemplate such status until they are actually confronted with military service, but by then it is too late. The only thing left is desertion, refusal to obey, or rejection as being unfit for service--or prison.

The filing period of 1 month before military service also excludes anyone who becomes a conscientious objector 5, 10, or 20 years after having fulfilled his military obligation normally and who is still subject to obligations in the reserve (up to the age of 35) and then in the "defense service" (up to the age of 50). Even though not all of the 4,000 citizens who have returned their

military service records (3,700 have done so since 1977) claim the "status of objector to the reserve army," they nevertheless constitute a new problem for our legislators. Experience has shown, in fact, that far from checking this movement, legal proceedings only help it grow.<sup>5</sup>

When an applicant for objector status files his application within the legal time limit, the decision to accept or reject his application is made, under the terms of the present law, by a "jurisdictional committee" made up of seven members: one magistrate appointed by the minister of justice, three civilians appointed by the prime minister, and three officers appointed by the minister of defense. The committee can require that an applicant appear in person, but it has practically never done so: the increase in the number of applications<sup>6</sup> forces it to work fast, with the result that it can do no more than examine the applicant's letter. Its decisions are final unless appealed to the Council of State.

Over the past 10 years, many objectors have challenged the very principle of such a procedure: if conscientious objection is recognized as a basic right, only the exercise of that right can be regulated, not enjoyment of the right itself. They say that the status should therefore be granted automatically on request, since no committee is "competent" to judge the sincerity of one's "conscience." The operation known as "Op 20," thus named because it was started by about 20 conscientious objectors, has developed since 1972 precisely to draw attention to the inconsistency of such a procedure. All the participants in that operation--and there were hundreds of them--sent in identical letters that listed only very general philosophical motivations that were in complete conformity with the law. The jurisdictional committee was then faced with a difficult choice: accepting their applications would make the committee useless in the future, since there would then be a stereotyped letter that could simply be copied, thus insuring automatic objector status, but on the other hand, rejecting them would mean establishing a requirement not backed up by the law, since the law does not prohibit identical applications, and there is no justification for saying that the fact that a letter was copied proves a lack of sincerity. After granting a few applications, the committee began systematically rejecting them, but it was also systematically overruled on that point by the Council of State, which supported the objectors. When the Council of State reversed its own precedent in 1980 and supported the committee, the situation became very confused. On the eve of the 1981 elections, over 30 "Op 20" objectors were either in prison or awaiting sentencing for failure to report for military duty.

Lastly, the present law contains an article regarded as a legal oddity whose repeal now seems certain, since it so clearly contravenes the general principle that "ignorance of the law is no excuse." Article 50 prohibits "all propaganda tending to incite others to benefit from the provisions of this section for the sole purpose of evading their military obligations." It is a very difficult article to interpret in practice (where does "information" stop and "propaganda" begin?), and it has helped to make the law on conscientious objectors a shamefaced and little known law.<sup>7</sup> In fact, it reveals a great deal about the spirit of the 1963 law: its purpose is not actually to "grant asylum" to conscientious objectors, but to regulate a few individual cases in a way that will cause as little trouble as possible.

General De Gaulle is reported to have said: "I'm willing to go along with objector status, but not with objectors." Another sign of the same spirit was the law's provision that a certain number of government jobs would be forever closed to anyone "benefiting" from conscientious objector status. The decree that was to list those jobs was never actually published, and the provision was not retained in the 1971 code.

#### Nonmilitary Service

Concerning the substitute nonmilitary service, the law says only that it must last twice as long as military service and that it must be fulfilled "in a civilian group doing work in the general interest." The administration of conscientious objectors has been handled successively by the Ministry of Interior (until 1969), the Ministries of Social Affairs and Health (until 1972), and, lastly, the Ministry of Agriculture. Since there were few of them in the beginning, conscientious objectors could choose their assignments quite freely. But their number rose from 83 in 1969 to nearly 500 in 1971. Concerned by that growth, the government adopted what was known as the Bregancon Decree in 1972. It placed objectors under the Ministry of Agriculture and instituted disciplinary regulations reminiscent of the Armed Forces. Going back to an idea suggested by Michel Jobert in 1967, it also decided arbitrarily to assign the great majority of the objectors to the National Forestry Office (ONF) for their first year of nonmilitary service.

The conscientious objectors protested that working for the ONF was not "work in the general interest": they saw it as an attempt to bring them under control and as a desire to keep them away from urban centers and social activities where they would be in contact with other young people. Feeling that they had refused military service not to be isolated in the forests but to carry out social tasks (with immigrants, young people in trouble, the "fourth world," and so on), they organized a concerted rejection movement: as early as 1973, 70 percent of them refused to appear for their assignments at the ONF. That proportion of "absentees from nonmilitary service" (as distinguished from the "total resisters," who did not have status as conscientious objectors) stabilized at around 60 percent until 1980. Most of the "ONF absentees" nevertheless did perform nonmilitary service in associations of their own choice or in "self-managed nonmilitary services" which they themselves established, but those years do not count in the government's eyes. That explains why 3,000 young men are in an irregular situation today. It is true that since last year's amnesty, legal proceedings against them for failure to report for duty have been suspended. But retroactive recognition of their nonmilitary service has still not been granted, a fact that prevents a number of them from regaining their jobs in the administration. Is the government going to require that they perform--or perform again--their nonmilitary service? Such a narrowminded legal solution would run into many difficulties, especially when it is remembered that the first of the "ONF absentees" are 30 years old by now!

In the case of labor conflicts, it is customary when a strike ends to include a clause in the agreement between the unions and management stipulating that no one will be penalized for acts related to the strike. It happens that a good number of draft-resisting objectors have always regarded their refusal to

serve not as an act of insubordination (a rejection of nonmilitary service as such) but as a collective "strike" aimed at applying pressure to obtain a set of regulations satisfying their demands concerning the content and administration of that service. From that standpoint, it would seem totally desirable, when an overall settlement of the problem is reached, to forget about acts related to their strike.

#### Diversity Among Conscientious Objectors

The reasons that may lead a person to become a conscientious objector are extremely varied. An attempt can be made, however, to classify them under a few main headings.

To begin with, let us mention those who reject military service but who refuse to apply for conscientious objector status. They are found at both extremes of the spectrum of opinion. On the one hand, there are the Jehovah's Witnesses, and on the other, there are the "total resisters." Jehovah's Witnesses--who for a long time (until the Algerian War) constituted the great majority of the draft resisters--are forbidden by their religion to devote to the service of the state a period of time which must be entirely in the service of Jehovah. Whether the service is armed or nonmilitary makes no difference: their conscience forbids it. They do not resist when arrested and do not protest when the usual "tariff" is applied to them (2 years).<sup>8</sup> The "total resisters" are not bothered by any "law of God." Usually inspired by libertarian principles, they reject any service of the state and are inclined to criticize the "brigading" aspect of national service more than its military character. So for them, there can be no question of accepting any kind of service, even nonmilitary, that is compulsory. Unlike the Jehovah's Witnesses, they do everything possible to avoid arrest, often living in hiding or going abroad. When arrested and tried, they attempt to turn their trial into a platform for expressing their ideas. It can be expected that even if a new and more liberal law is passed, total resisters and Jehovah's Witnesses alike will persist in their refusal to apply for such status. It is hard to see how, without abandoning the very principle of compulsory conscription, the legislators could avoid imposing nonmilitary service in place of armed service.

Among those who apply for objector status, some do so simply for personal convenience: they have no desire to waste their time in the army. But they are far less numerous than is generally believed. Young people whose only "motivation" is to escape a year of drudgery do in fact have other solutions available to them that are less onerous than recourse to a law that imposes 2 years of service on them instead of one! They can choose between rejection as being unfit for service, exemption, and voluntary service overseas. It should be realized that out of each annual callup, between 25 and 30 percent avoid service in that way. "Schemers" can find more opportunities there than in conscientious objector status, which never involves more than 0.25 percent of an annual draft contingent.

The very great majority of the conscientious objectors are, therefore, young people who have convictions rather than interests to defend. What are those convictions?

There are, of course, the "philosophical or religious" convictions--that is, those accepted by the present law. Many Christian objectors refer explicitly to the Gospel as the basis for their absolute refusal to kill and learn to kill. But the great majority of them do not stop there. To them, it does not seem consistent or, when one gets down to it, honest, to reject "the personal use of weapons" while taking no interest in questions affecting their collective use. The cliches concerning the objector as "prophet of values to come" or as "the idealist with pure hands but who has no hands" are, in this regard, totally out of date, if indeed they ever had any value in the past. Even when their attitude is rooted in religious faith or philosophical "principles," it is with political criticism that most objectors try to oppose the current military systems. Those who like to reproach objectors for their selfish individualism ("you don't want to defend yourself, but you are happy to let others do it for you") would be somewhat illogical in reproaching them for "engaging in politics" precisely in response to that reproach.

One sometimes hears it said that there are "good" objectors and "bad" ones: the good ones are those who are "deeply motivated" and really cannot, "in good conscience," bear arms; the bad ones are all the others. Actually, one quickly realizes that those distinctions do not correspond to anything. The objectors are divided among themselves--and sometimes oppose each other--far less on the grounds of their "deep" personal motivations (which are always very diverse) than on the basis of their political stands and the strategies for struggle that they advocate.

One trend of opinion (where we find both pacifists in the historical meaning of that term and the followers of revolutionary ideologies that do not exclude violence as a principle) is characterized basically by antimilitarism. Its newspaper, OBJECTIONS, carries the subtitle "Antimilitarist Liaison Bulletin."<sup>9</sup> Refusal to serve in the army appears in that journal as one means among many for combating the army and, more generally, the "militarization" of society. The idea that the army may fulfill a function of defense against external threats is either totally ignored or refuted as a myth kept alive by the rulers to camouflage its only real function, which is to be the guardian of privileges within the country and of imperialist interests outside the country. From that standpoint, the extension and liberalization of conscientious objector status is of little interest. On the contrary, objectors who are too well tolerated by society would be in danger of losing their antimilitarist virulence. The reorganization of nonmilitary service is therefore not a basic objective.

For the Conscientious Objectors Movement (MOC),<sup>10</sup> on the other hand, obtaining a more liberal law and the reorganization of nonmilitary service are priority objectives. It is true that hostility toward any military institution is just as deep in the MOC, but the analyses are less simplistic and the strategy is more "realistic"--or more "reformist," according to its detractors. Criticizing the army is less important than working to provide the greatest possible number of young people with an alternative to military service--the nonmilitary service of conscientious objectors--that will no longer be reserved for a ghetto of uncompromising militants. The situation of conscientious objectors in Belgium is a preferred point of reference for the MOC. In Belgium, conscientious objectors are more than "tolerated" by government authorities.

Information on objector status is widely disseminated, and the opportunities for nonmilitary service are extremely varied.<sup>11</sup> The MOC feels that France's people and politicians will stop regarding conscientious objectors as second-class citizens, dreamers, or troublemakers and pay more attention to their criticism of the military institution when the objectors get people to realize that they really want to serve the community in ways other than by bearing arms.

There are also nonviolent objectors within the MOC who would like to make non-military service a training ground for nonviolent resistance methods. Influenced by the theses of the Movement for a Nonviolent Alternative,<sup>12</sup> these objectors consider it useless to denounce the military apparatus unless one can suggest other solutions to the problems posed by the security of our societies in an overarmed world. Unlike the antimilitarists, they admit that the army's functions include more than maintaining order and privileges and that serious attention must be paid to the dangers and threats against which the army is supposed to protect the citizens. From that standpoint, refusal to bear arms cannot be justified morally or politically unless one is prepared to defend in other ways, and by nonviolent resistance techniques, what it is legitimate to defend. Nonmilitary service for the conscientious objector must therefore be more than just "socially useful": it must also make it possible to acquire serious training in those resistance techniques and even to conduct research on the subject. Here again, the example of Belgium, where training of that type has existed for a year, provides the point of reference.

Contrary to what one might believe, it is not certain that the political and military authorities take a favorable view of that concept of conscientious objector status. During a recent interview at the Ministry of Defense with representatives of the group supporting that view, a highly placed official let it be known that such a demand seemed to him to be "more dangerous" (read: for the military institution) than the attitude of antimilitarist objectors. The intention by the objectors to take an interest in questions of defense is in a sense more "subversive" than a distribution of roles in which everyone keeps his proper place: the objectors engaging in social work, ideological work, or antimilitarist agitation and the military remaining the sole experts in defense matters. It will be particularly interesting to see whether the deputies share that distrust during the debate or whether they will grant objectors the right to be trained--during their time of service--in nonmilitary means of defense, thus breaking with the centuries-old identification of the notion of defense with that of the use of arms.<sup>13</sup>

#### Toward a New Law

When it was in the opposition, the Socialist Party several times demanded a "real status" for conscientious objectors. Several of the party's deputies had given their support on various occasions to objectors who were being prosecuted. A bill had been prepared by Edwige Avice. The new government did not hasten to launch the revision process. It was October before Minister Hernu announced that legal proceedings against conscientious objectors were being dropped, and it was December before dialogue got underway between the government and the movements representing or supporting the conscientious objectors. It required action by Pastor Jacques Maury before a meeting with Pierre Mauroy

resulted in the establishment of an "advisory committee" that met on 17 December 1981 and 16 February 1982. Presided over by Joinet, technical adviser in the Prime Minister's Office, and by General Simon, head of the Prime Minister's Military Office, that committee included attorneys and representatives of the churches, conscientious objectors movements, and nonviolent movements. At those meetings, the various movements presented a joint platform setting forth what they wanted to see in the new law:

First, the jurisdictional committee should be abolished. As we saw earlier, that was an old demand by the "Op 20" movement. But it is a difficult point for the government to concede, because it would amount to establishing a right to exemption as a conscientious objector on request. The difficulty that exists from a purely legal standpoint in setting up a procedure to verify the sincerity of a person's conscience makes that problem especially touchy.

Second, status as a conscientious objector should be granted at any time: before, during, or after completion of one's national service. While the government appears prepared to accept the possibility of granting objector status "in the reserve," chiefly as a way of solving the problem of "those who turn in their military service records,"<sup>14</sup> it seems unwilling to accept such a possibility during active service, since doing so would be likely to disrupt military service due to the departure of all the malcontents.

Third, the length of nonmilitary service should be the same as that for military service, as was provided, incidentally, in Mrs Avice's Socialist bill. On this point, it seems that the government may yield to some extent by considering a period of service reduced from 2 times to 1.5 times the length of military service.

Lastly, information on the possibility of performing one's national service through nonmilitary service should be not only authorized--a point that seems to have been won--but also officially included in the information supplied to young men, particularly at the time of registration.<sup>15</sup>

The advisory committee appears to have completed its work. There have been other contacts--more or less official--between the objectors movements and the political organizations. The government is drafting a bill that will try to reconcile the demands expressed by the advisory committee and the resistance encountered in the Ministry of Defense. The arbitration is all the more delicate in that it must naturally take another factor into account: the desirable harmonization of French legislation with that of a certain number of other European countries. Without going so far as to include the right to conscientious objector status in the constitution itself,<sup>16</sup> France should make allowance for Resolution 337 as approved in 1967 by the Council of Europe's Consultative Assembly, which makes conscientious objector status "a right deriving logically from the rights of the individual as guaranteed by article 9 of the European Convention on Human Rights." It is true that no country in Europe has gone all the way with that logic by placing nonmilitary service on an exactly equal footing with military service. There are still restrictions as far as acceptable motives are concerned, and nonmilitary service always lasts longer than military service (but never twice as long, as in France). It will be admitted,

however, that recognizing conscientious objector status as a basic right entails a thorough change in perspective in comparison with the law of 1963: a right is regulated, but it is not penalized, and above all, it is easily available to all.

To what extent would a liberalization of conscientious objector status endanger recruitment for the Armed Forces? That is a legitimate question. If nonmilitary service, even though lasting a little longer than military service, offers interesting activities in people's education, help for the most disadvantaged, leadership in young people's organizations, the organization of international projects, and so on, won't young people flock into it by the thousands or even tens of thousands, as they do in neighboring Germany?<sup>17</sup> It is understandable that such a thought should worry those responsible for the army. But it revives a number of questions that it would no doubt be advisable to discuss openly, and the proper time for doing so would be during a debate on enlarging the right to conscientious objector status:

First, what is the function of military service in a defense system that relies ultimately--as we have been told over and over again--on the nuclear deterrent force?

Second, what happened to the "people's mobilization force" that was so dear to the Socialist Party when it was in the opposition? Is that force to be exclusively military?

Third, if it is feared that young people by the thousands will choose nonmilitary service, should that not lead society as a whole to ponder the reasons for an obvious weakening of the "spirit of defense"?

Those questions are real. Nothing will be gained by ignoring them or delaying debate concerning them. And that is one more reason for hoping that the new law will not be delayed.<sup>18</sup>

#### FOOTNOTES

1. Conscientious objectors were recognized by Sweden in 1902, by Great Britain in 1916, by Denmark in 1917, by Norway in 1922, and by the Netherlands in 1923.
2. For example, the "Chautemps-Daladier" circular of 26 January 1933 expressed concern over the progress being made by the ideas of conscientious objectors, which "are affecting the most diverse religious and occupational circles." In addition to the libertarians, the pacifists, and the Protestant churches, it mentions "certain Catholic groups."
3. Articles 41 through 50 of Law No 71,424 dated 10 June 1971.
4. These courts, the TPFA's (Permanent Armed Forces Courts), will be abolished in the near future as the result of a recent government decision. The campaign to have them abolished had been underway for about 10 years by

conscientious objectors, resisters, attorneys, and jurists. See J. L. Henning and M. Debard, "The Khaki Judges," A. Moreau, 1977.

5. The returning of military service records began as far back as the 1960's. In 1969, for example, during the trial in Orleans of three men who had returned their service records, Monsignor Riobe supported conscientious objectors for the first time. But that gesture of "civil disobedience" has become widespread since 1974 as a result of the Larzac affair. The number of trials (800 since 1975) has never kept pace with the number of cases (nearly 4,000 have returned their records). Penalties have ranged from acquittal to suspended prison sentences with deprivation of civil rights.
6. Applications for conscientious objector status have risen from less than 100 annually at the end of the 1960's to over 1,000 today. It is estimated that 80 percent of them are accepted. The exact figures are never published officially and can be obtained only through the oral questioning procedure in the National Assembly.
7. For the past 6 years, a group of very active conscientious objectors in Forez has carried on the so-called "Operation Town Hall," which consists of systematically asking the municipalities to advise young recruits of the existence of the law on conscientious objectors. Prefectural authorities have intervened on several occasions under the authority of article 50 to prevent mayors from acceding to that request.
8. That sentence was "automatic" until about 1979, and it regularly brought protests from attorneys, since the very idea of an automatic sentence is contrary to the spirit of penal law. Since then, there have been shorter sentences. It is also not rare for the problem to be solved by granting a hypocritical but convenient exemption for "psychiatric reasons."
9. OBJECTIONS, P.O. Box 1070, 69202 Lyon, CEDEX 01.
10. The MOC, 8 villa du Parc-Montsouris, 75014 Paris. This group had been represented since 1976 by the "Federation of Objectors," which was dissolved by court order precisely because its bylaws listed the objective--prohibited by article 50--of providing information about conscientious objector status!
11. The number of conscientious objectors is rising steadily in Belgium. It amounts to 3 or 4 percent of each annual contingent.
12. Established 8 years ago, the MAN [Movement for a Nonviolent Alternative] is the umbrella organization for about 30 nonviolent groups established on a nonreligious political basis. Its theses on conscientious objection, spread by General de Bollardiere, Jean-Marie Muller, and others, are published in "A Political Objection," available at the headquarters of MAN: 20 rue Devidet, 45200 Montargis.
13. Strategies for unarmed resistance have not been seriously studied in France. Some British, Dutch, and American research has been translated, however, and published by the magazine ALTERNATIVES NON VIOLENTES in the

following issues: Nos 33, 39, and 43 (ALTERNATIVES NON VIOLENTES, Craintilleux, 42210 Montrond), and in "Monographs on Civil Defense," (MIR, 99 boulevard Beaumarchais, 75003 Paris).

14. Those returning their military service records started a campaign in June 1981 to have conscientious objector status recognized in the reserve. Over 150 applications were sent in by adults of all ages to the jurisdictional committee, which under current law has no choice except to reject them as unacceptable. But the goal of the campaign is to publicize the considerable number of such "late objectors" and their determination.
15. This is done in Belgium, Norway, Sweden, Austria, and the Netherlands.
16. This is the case in the FRG, Austria, the Netherlands, and Portugal.
17. In the FRG, as is known, conscientious objection is included in the Basic Law to prevent any rebirth of militarism, and it is very widespread. In 1980, 50,000 young Germans requested conscientious objector status. Since the restoration of conscription in 1954, there have been 500,000 conscientious objectors. On this subject, see the article "Conscientious Objection in the FRG" by Henri Menudier in ETUDES, October 1973.
18. According to the latest information, the government has decided, without waiting for the new law, to transfer the administration of conscientious objectors from the Ministry of Agriculture to the Ministry of National Solidarity.

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## LOCAL NEWSPAPERS REVIEW CURRENT ISSUES

Athens ATHENS NEWS in English 16, 20-21, 22 Jun 82

[16 Jun 82 p 4]

[Text]

**ACROPOLIS** (opposition). There is a conflagration in the Mediterranean littoral of North Africa, Middle East, the Persian Gulf and the African Horn as Israelis fight against Palestinians and Syrians in Lebanon, Iraq and Iran are preparing for a new bloody confrontation while the Gulf States are pulling together to counter the Khomeini threat. The pro-Kadafi president of Chad was overthrown by a pro-Sudanese. On the other hand, Kadafi has extremely strained relations with Saudi Arabia, Sudan, Egypt, Malta and Tunisia. All these developments take place in an area of immediate interest to us and an area which does affect us. As for us we are members of NATO and EEC. We have U.S. bases on our soil. We face a threat from the East and the Cyprus issue is at standstill and it gets complicated. The message from all these developments is clear. We should avoid any involvement because a different course would be detrimental to our national interests. And, the national interest is what it counts. In the rest of the world, the Soviet Union supports the strongly anti-communist junta of Argentina. Communist China became allies with the USA. Communist Yugoslavia depended on the west to counter the soviet threat to its independence. Post-Nasser Egypt turned to the USA and established peace with Israel. The government of PASOK has so far shown a tendency to ignore these international policy realities.

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**MESSIMVRINI** (opposition). The Greek Drachma was devalued yesterday against the DM and the Dutch Guilder and the rate of the U.S. dollar reached 70 dr. (69.40 to be exact) following the new devaluation of the French Franc. The new devaluation of the FF will have a short-term favorable effect on the imports of French industrial products and decrease expenses of French tourists visiting Greece. On the other hand the continued devaluation of the drachma in relation to the dollar, D. M. and other currencies will make imports more expensive. This will bring about higher inflation rates. The devaluation

of the FF became inevitable as a result of the high inflation in France, the continued shortages in the French balance of payments over the past six months, and lower interest rates existing in France as compared to the other western European countries. All these developments indicate the symptoms of malaise from which suffers the French economy ever since the socialists came to power. We said that in the past and we confirm it now. There are three ways for a country to become poor — famine, plague and socialism.

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From Tuesday's Greek Press

[20-21 Jun 82 p 4]

[Text]

*Friday Afternoon Press*

**APOGEVMATINI** (Opposition) Had as its headline: «Impudent answer by Turkey to the Greek protests. Turkish submarines in the Aegean». It also dealt with the issue of water bills.

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**ETHNOS** (Government) Projected the presence of six Turkish submarines in the Aegean. In its editorial, it referred to the measures of the Ministry of Commerce for market garden produce and termed them «neither preventive nor curative».

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**MESSIMVRINI** (Oppositions) Under the headline «Turkey disputes the the detente agreement, noted the presence of six Turkish submarines in international waters. In its editorial, it wrote that the issue of the educational system could be solved properly on a supra-party level.

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**TA NEA** (Government) Under the headline: «The Turks undermine the truce», wrote that «Ankara changed its mind and stated clearly that no agreement was reached in Bonn on a truce».

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**VRADINI** (Opposition) Had as its main headline: «Vigilance in the Aegean for new provocations». The newspaper also projected reports that the Socialist Insurance Foundation (IKA) is facing difficulties in the payment of pensions.

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**ELEFTherOTYPIA** (Government) The peoples that forget their history are condemned to relieve it.

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**ELEFTherOTYPIA** (government). Led with the situation in Lebanon. In its leading commentary it criticised the attitude of most banks towards small and medium-sized businessmen.

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**ETHNOS** (government). Highlighted the government reshuffle. In its editorial it referred to the situation prevailing in the market and attributed responsibility for the increase in price for various foodstuffs to the Ministry of Commerce.

And the people of Israel, led by a racist, warmongering, ruthless and criminal leadership, are bound to relieve it. It seems that they have forgotten their own genocide by the nazis and are now warning an extermination war and genocide against an entire people. To-day, Israel applies literally the most barbaric passage of the Holy Scripts: «Crush the heads of your babies on the stone of Babylon». Tomorrow it will be «an eye for an eye» and «a tooth for a tooth». It is deplorable to see people who live in this country, which gave such affectionate care to Israelites hunted by the nazis, to publish paid announcements applauding the massacre of the civil population of Lebanon and the Palestinians.

Let them be careful because they remind us of those chief priests who gave away Jesus to be crucified shouting «let your blood fall on our heads and the heads of our children».

**MESIMVRINI** (Opposition) As a consequence of the recent devaluation of the Greek drachma against the European monetary Unit, following revaluation of main

European currencies except the French Francs, the government will be forced shortly to reduce the parity of the «green drachma». Such dévaluation (estimated at 2 percent) will follow up the recent devaluation of the «green drachma» by 6 percent which was effected in order to raise the safety prices of Greek products to about 120 this year as against 100 last year. Of-course, the government might decide not to devalue the green drachma and grant, instead, illegal national primes to the farmers. In that case, however, Greek exports of agricultural products will charged with MCA's to the benefit of Italian and other EEC agricultural products. The recent devaluation of the drachma is not going to give advantages to Greek agricultural products equal to those given to industrial products.

A new devaluation of the green drachma will increase prices of food domestically resulting in an increase of the cost of living. In the meantime there will be immediate repercussions on bulk sales price indexes as a result of the devaluation of the drachma by 8 percent against the dollar.

[22 Jun 82 p 4]

[Text]

*Political assessments drew main headlines in yesterday's Athens papers together with the bank strike and the new bill on universities. The situation in Lebanon and developments in Argentina were the main foreign news.*

**ACROPOLIS** (Opposition) Reported that Prime Minister Andreas Papandreou is confronted by a multitude of difficulties and dilemmas because of the continuing rise of prices difficulties in the foreign policy sector, the impending government reshuffle and the doubtful outcome of the municipal elections.

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**AVGHI** (Euro-Communist) In its main editorial, under the headline "The Change can and must continue" referred to the press conference given Saturday by Secretary General of the Communist Party of the Interior Baniyas and the party meeting to be held at the Kallithea Stadium. The paper also projected the bank strike and said that "the way the government has been handling this case does not lead the problem towards a solution".

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**ELEFTHEROS KOSMOS** (Junta) Published a report quoting reliable political observers, which claimed that "a serious difference of opinion" had arisen between the President of the Republic and the Prime Minister.

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**KATHIMERINI** (Independent) Published a report from its Paris correspondent under the headline "The PASOK foreign policy is facing problems of confidence". The paper also reported extensively on the

bank strike and forecast difficulties ahead if it continued.

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**RIZOSPASTIS** (Communist) Reported that the NATO circles were very happy with Greece's attitude during the NATO summit in Bonn. It also reported extensively on the bank strike and on the speech by the President of the Republic at the National Defence College.

**ESTIA** (Extreme Right) There is chaos and darkness in our relations with Turkey despite Prime Minister's Andreas Papandreu bragging about that our diplomacy is following a well lit road. The truth is, however, that all these are just plain words. We do not know where to start from and where to finish.

Developments are not "positive" as claimed when we observe President Reagan taking pro-Turkish positions in his reports, the German Socialist Party President Mr. Brandt stating he has no idea, Turkish Premier Uluksu stepping on the occupied territory of Cyprus and Denktas proclaiming that he would not yield one inch of occupied territory to the Greeks apart from Cyprus, Foreign Minister Yannis Haralambopoulos faked ignorance of the "Bern Protocol" and said he was going to find out what it was about. Months have already passed and we do not know the contents of that famous "protocol" except that against the departure of the "Sismic vessel" we undertook the obligation to stop oil surveys in Greek Aegean. On the other hand PASOK describes Turkish violations as "innocent passage" and tries to play down such violations. The most recent example of our mystic diplomacy is the "Bonn moratorium". The Turks say the entire affair is a Greek fable!. Mr. Papandreu insists that he had reached a "truce" agreement with the Turks. Clumsiness, deceitfulness and lies? What is the truth anyway?

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**ELEFTHEROTYPIA** (Government) So Greece has the "honor" to have a dictator in Argentina. After that indescribable Spyro Agnew who was Vice President of the USA under the Nixon administration until he was fired for a financial scandal, now we have General Nikolaidis in charge of the Argentine junta.

It is useless to say how unflattered is the Greek name by the advancement to the top of the fascist latin American junta of a military man in whose veins runs Greek blood. The Greeks of diaspora have produced men of international prestige and fame, like Maria Callas, the pioneer scientists Papanickolaou and Kotzias that they have no use for generalissimos like Nikolaidis to project our image. Let us hope however that this descendent of Greek immigrants from Kavala will be more reasonable and less hot-headed than his colleagues that placed Argentina under the yoke and initiated the adventure of Falklands which resulted in a bloodbath and humiliation of the Argentines. Just exactly like Papandreu and Ioannides in our country a few years ago.

## VICTORY OF INDEPENDENCE PARTY IN LOCAL ELECTIONS VIEWED

## Leftist Reykjavik Government Defeated

Reykjavik MORGUNBLADID in Iceland 25 May 82 p 1

[Text] The leftist government in Reykjavik has fallen. The majority government of the Independence Party will again takeover the Reykjavik City Council at a special City Council meeting which will be held on Thursday. It is clear from the outcome of the local elections and the Reykjavik election last Saturday that the Independence Party is on the rise everywhere in the country. The party won the majority by a considerable number of votes in two municipalities, the Vestmann Islands and Njardvik. Furthermore, the party picked up notable support in most of the other municipalities in the country. A majority was won in three districts, Hveragerdi, Flateyri and Gardur. The Independence Party also increased its following in most other townships.

The People's Alliance and the Social Democratic Party suffered a great loss in the elections and lost many representatives from all over the country. The Progressive Party remained more or less the same as it was in the 1978 elections, however, at that time the party suffered a great loss. The Women's List in Akureyri and in Reykjavik got two seats each.

The total turnout of voters was 112,706 for the whole country. Elections were held in 22 municipalities and 37 districts. The total number of void votes was 2,643; from a total of 110,155 votes, the Independence Party got 49,781 votes or 45.2 percent, which is a 5.5 percent increase in its following from the last elections. The Social Democratic Party received 13,034 votes, or 11.8 percent which is a 4.9 percent loss. The People's Alliance received 19,231 votes, 17.5 percent, which is a 6.8 percent loss in their following. The Progressive Party received 17,836 votes or 16.2 percent of the votes, which is an increase of 0.3 percent. The Women's Lists, which both are entering the elections for the first time, received 6,523 votes or 5.9 percent. Other lists received 3,750 votes or 3.4 percent.

In the elections, 425 local representatives were elected; of those elected, 202 were in the municipalities and 223 in rural districts. The number of

## Independence Leader David Oddsson Comments

[Reykjavik MORGUNBLADID in Iceland 25 May 82 p 1]

[Text] "This victory is a turning point in the history of Reykjavik and the history of the Independence Party. This is the first time that the inhabitants of Reykjavik had the opportunity actually to compare the city government of the Independence Party, on the one side, and the leftist parties on the other, and their judgment is indisputable," said David Oddsson, Reykjavik mayor-elect, in an interview with MORGUNBLADID yesterday when he was asked about his opinion on the outcome of the city elections.

"Two days before the elections, I said that if the Independents forged ahead as a united party, no opponents would be able to overtake them, as it indeed turned out. The platform of the Independence Party is strong; we explained our goals in a clear and unambiguous manner and we were on the same wavelength as the people of Reykjavik. I am convinced that this victory will strengthen the confidence of the Independents, and it also confirmed that attempts made by our opponents to drive a wedge in our ranks have completely misfired. This victory is the beginning of the end of disputes within the Independence Party," said Oddsson.

"This Thursday, a special meeting will be held in the City Council, and then the change of authority in Reykjavik will take place. A mayor will be elected for the city of Reykjavik, as well as a chairman for the City Council, two vice chairmen, city council members and a city council recorder. We then expect that at the first regular meeting of the City Council on 3 June, further decisions will be made which will reflect directly the results of our victory. The most important matter will be a complete turnabout in the city's planning affairs. The policy of restrictions on land development will be abandoned," said Oddsson.

"I think that in many ways the Independence Party's City Council representatives, who have now been elected, form a good group. These are strong and enthusiastic people from all walks of life who worked hard during the election campaign and explained the policy and goals of the party and defended them decisively. This will all be of help to these people in their work ahead. I agree with the old man who stopped me on the street this morning and said that for some reason everything seemed brighter in Reykjavik now. I don't think he was only referring to the weather," concluded Oddsson.

## People's Alliance Views Defeat

[Reykjavik MORGUNBLADID in Icelandic 26 May 82 p 7]

[Text] "The election outcome will put the life and position of the government in question," says THJODVILJINN yesterday, the organ of the People's Alliance, in comments about the outcome of the elections. THJODVILJINN feels there are

mainly two reasons for the "doubts to arise" regarding life of the government, namely the position of Albert Gudmundsson and Eggert Haukdal, who THJODVILJINN says will without a doubt "bargain harder" this fall, and unrest among the Progressives.

In an editorial in THJODVILJINN, Kjartan Olafsson, vice chairman of the People's Alliance, states: "Many people asked what effect the outcome of the local elections would have on the coalition partnership. The aim of the People's Alliance is to continue the partnership through the term. Whether that will be successful or not, will, however, be decided by whether there will be an agreement reached on the most important issues, especially wage and economic issues."

Next to this statement by the vice chairman of the People's Alliance and the editor of THJODVILJINN was published an unsigned comment about "the life and position of the government being in question." It states, among other things: "It is clear that Gunnar Thoroddsen wants to continue in the same vein, but there is nothing available on whether Eggert Haukdal or Albert Gudmundsson have the same idea. Those two repeatedly opposed the basis of the cooperation of the government supporters on one issue after another in the Althing this winter, and will, without a doubt, bargain harder than ever this fall when the Althing convenes. Secondly, the Progressive Party is not at ease... Tomas Arnason [minister of commerce] began to harp on his requests for a general wage cut as soon as the election results were announced."

#### Observer Looks At Marxist Party Losses

Reykjavik MORGUNBLADID in Icelandic 26 May 82 p 7

[Article by Staksteinar: "Lack of Confidence in People's Alliance Chairman!"]

[Text] The total results were very poor for the People's Alliance in the municipal elections. The final results from the municipalities nationwide show that the party's following has dropped from 25.5 percent in 1978 to 17.7 percent in 1982. Poor leadership of the People's Alliance in the Reykjavik City Council during the last election term is the main explanation for the election results there, where it now received 19 percent support as opposed to almost 30 percent in 1978. When the losses of the People's Alliance are viewed in their entirety, they must be blamed on the party leadership which now has received the public judgment indicated by the elections. These election results are especially a great shock for the new party chairman, Svavar Gestsson, who has led the party during the last few years--with the results it is now facing. The People's Alliance has probably never been under the leadership of a chairman who has been in such a weak position as Gestsson now is.

## Firm Support and Loose Support

The group of nonaffiliated voters who vary their support from party to party and candidates depending on the development of the issues and the prospects at any given time has increased greatly. It is now clear that this group of voters--and voters in general--have decided on a failing grade for the leaders of the leftist parties nationwide. This applies both to the People's Alliance and the Social Democratic Party, and perhaps first and foremost to the aforementioned, which has had the opportunity to pursue its party policies both in the government and on the City Council. The People's Alliance has not only lost the loose support it gained in 1978, but also the "firm support," which has given up on the party under the leadership of Svavar Gestsson.

The leftist views which have mainly been characterized by increasing taxation, both in state and local taxes, and increased interference of the government in the daily life of the citizens, are not well received by the people. The voters felt the urge to punish the politicians who gave all kinds of promises before the elections in 1978, promises that mostly landed in the forgotten drawer after the elections--and were kept there throughout the term! People want to be able to trust the politicians. That is a lesson that politicians should learn from the fluctuation that has taken place in Icelandic politics. This also applies to those who won.

THJODVILJINN says, among other things: "First, it is clear that during the election campaign the Independence Party decided and formed the debating issues..." The second statement was as follows: "And TIMINN was out in left field during the whole campaign..." THJODVILJINN states further: "The most serious mistakes were made during the important television program last Friday. Everybody leaned to the right except the People's Alliance, but the Progressive Party, the Social Democratic Party and the Women's List applied a hopeless way of fishing for votes...It seemed as if they were delivering a message to dissatisfied Independents, stating that they might just as well vote for the party directly rather than give their support to some of the conservative puppet parties. The way the Progressives and the Democrats, and to a certain degree, the Women's List handled their argumentations in recent days confirms David Oddsson's theory to the effect that even if a three-party collition might have lasted through the term, a four-party coalition would be a far worse alternative than the Independence Party."

Perhaps it is human but hardly magnanimous that the THJODVILJINN blames its own defeat on their partnership parties and their argumentations. An old proverb says: "A poor rower blames the oar." Maybe the writers for THJODVILJINN should review their own campaign technique?

## Sigurdur E. Gudmundsson's Article in the DAGBLADID-VISIR

In an interview with MORGUNBLADID yesterday, Sigurdur E. Gudmundsson, city council member for the Social Democratic Party, denies ever having accused the Independence Party of Nazism. That is only a

conception that David Oddsson has. Gudmundsson and others who want to stick to the truth, should look at an article by city council member Gudmundsson published in DV last February 8. It was the most distasteful contribution to the just finished election campaign--and perhaps best forgotten and buried. Nonetheless, it was a typical example of how not to conduct exchange of opinion among civilized people.

#### Conservative Party Views Elections

Reykjavik MORGUNBLADID in Icelandic 26 May 82 p 16

[Editorial: "Sharp Drop in Support for People's Alliance"]

[Text] Compared with the elections in 1978, the People's Alliance lost 6.8 percent of the votes nationwide in the elections last Saturday and 10.8 percent in Reykjavik. The attitude of the leaders of the People's Alliance during the last 4 years has been characterized by great arrogance and superiority, so the defeat must hurt them all the more. From the statements of the leaders of the People's Alliance, it can be assumed that they feel that they could have controlled the country because of their influence in the government, on the Reykjavik City Council and the labor movement. Now they have lost their power position in Reykjavik but they are still in the government and undeniably they still have their power over various leaders in the labor movement.

It is noteworthy that with the Sunday Agreement of 25 April this year, the labor council of the People's Alliance planned to change the election campaign into a wage issue. On the board of this council are many of the main leaders of the Icelandic Federation of Labor [IFL], who, however, rejected this agreement from the People's Alliance after the Federation of Icelandic Employers submitted an appeal to the State Mediator requesting postponement of the wage negotiation talks until after the elections, as various leaders in the IFL had agreed that the outcome of those talks would not be obtained until after the election results were clear on May 22, anyway. In other words, it was demonstrated during the election campaign that the power of the People's Alliance in the labor movement is less than before. On the other hand, the intentions of the party leaders seem to be to seek revenge by using the labor movement as a ploy. Even the departing People's Alliance chairman of the City Council, Sigurjon Petursson, has started to make threats about severe wage negotiation talks. We will follow how the People's Alliance will try to use the labor movement for the purpose of party politics in the near future.

The goal of the People's Alliance is not to leave the government and they will fight for their seats in the government to the last man. But what about those who are in coalition with the People's Alliance in the government? What interest do they see in it for themselves to link up with this losing party which is bound to take desperate measures? If the aim of the People's Alliance partners in the government is to further reduce the party's influence and support, we wish the government a long and lasting life. If the plan is, however, to maintain the People's Alliance veto power on major

issues and spoil relations, such as Alusuisse, it is definitely timely to dissolve the coalition partnership.

#### The Social Democratic Party's Mistake

Four years ago the Social Democratic Party won a glorious victory, and at that time, many of the party's leaders stepped forth and stated that a new era had begun in Icelandic political life; this new era would, among other things, bring about the death of the Independence Party. Probably Sigurdur E. Gudmunsson was influenced by these untimely statements when he acted as if he was delivering a coup de grace to the Independence Party during the election campaign in Reykjavik. Gudmundsson said he was defending the democracy against "dictators hostile to democracy" in the Independence Party --if the Independence Party would win majority again. In the judgment of Gudmundsson, that would equate to the invasion of the Warsaw Pact Countries into Prague in 1968.

How did the voters react to this democratic propaganda? In a justifiable manner, as the Social Democratic Party has become the smallest party in the capital. The minority complex many Social Democrats suffer toward the Independence Party is great. However, an election victory cannot be expected; if this minority complex prevails within the Social Democratic Party. The lone walk to the left will doubtless continue among the leaders of the Social Democratic Party, as it now seems that influential people in the party are tracing the beginning of these last disasters to the walkout from the leftist government in 1979.

#### People's Alliance Chairman Comments

[Reykjavik MORGUNBLADID in Icelandic 27 May 82 p 21]

[Text] "The elections outcome and the victory of the independence Party must worry the leftists, people with a sense of community and others who favor special aspects in the community. It is obvious that the Independence Party [IP] has gained in many places, and in some places the party has gained considerable support. Of course, this gain has been obtained for various reasons; some support Geir Hallgrimsson [IP chairman] and others support Gunnar Thoroddsen [prime minister]. Whatever the reasons, it is, however, obvious that the victory is in the hands of Hallgrimsson; Thoroddsen's popularity serves as the water for Hallgrimsson's mill," said Svavar Gestsson, chairman of the People's Alliance, in an interview with MORGUNBLADID.

"These elections results will affect all political life and political debates in the near future--if not only because these elections decided the form of local governments for the next 4 years. It is of great importance what the effect will be on the government which will be decided in the next parliamentary elections, whenever they take place. It will then be necessary to

regroup against the Independence Party's blitz offensive, and it will be necessary for all those who favor social views to stand together. It is food for thought that the People's Alliance is now the second largest party in the municipalities with regard to votes, but not nearly strong enough in support and influence.

"It should also be something for the voters to think about after the elections how the center parties fared here in Reykjavik but the spokesman of those parties were on their knees before David Oddson on the television program on Friday evening before the elections. Such behavior is not appreciated by the leftists.

"We in the People's Alliance in Reykjavik pointed out in the election campaign that the victory of the Independence Party in the capital would mean that Geir Hallgrimsson would demand the prime minister's seat. This was proven as soon as the election results were known. Hallgrimsson then demanded parliamentary dissolution and new elections. For some reasons, MORGUNBLADID has not yet supported that demand.

"The conclusion of the elections is that those who favor social views must unite against the victory of the Independence Party; dissention serves as water for the conservative mill.

"The election results varied for the People's Alliance nationwide, so there is no definite overall picture, although the voters' support from 1978 had decreased, but the 1978 elections turned out to be a record in the history of the socialist movement in Iceland. We feel that the election results for the People's Alliance in Reykjavik were quite good compared with earlier years and with regard to the Women's List, but of course, we are unhappy with the fact that the conservatives won the majority here. That is why we have started to prepare for the next elections. I want to point out the satisfying results for the People's Alliance in Grundarfjordur, Stokkseyri, Hvammstangi, Reydarfjordur and Bolungarvik, not to mention Neskaupstadur where the majority of the People's Alliance is so secure that the second man on the town council list is also from the People's Alliance--the sixth of the list.

"I also want to point out the fact that wherever the Independence Party has a clear majority, the People's Alliance is the next largest party. Those are clear lines.

"The main group of our members stands firm after these municipal elections. This group is determined to gain considerably during the next elections. Icelanders need a strong People's Alliance, said the People's Alliance during the election campaign. That has never been more obvious than now after the elections," said Gestsson.

PAPER: SOME REACTIONS TO REAGAN'S PIPELINE STAND 'EXAGGERATED'

PM121035 Olso AFTENPOSTEN in Norwegian 3 Jul 82 p 2

[Editorial: "Reagan, The Gas and Us"]

[Text] The reactions to President Reagan's remarks about the possibility of supplying North Sea gas to West Europe instead of Soviet gas have been pretty annoyed in tone and somewhat exaggerated in some circles. When the President's words are described as reproofs, reproaches and accusations against Norway, we must ascribe this to regrettable inaccuracy--and, as far as the daily press is concerned, with an eye to nonsubscription sales.

President Reagan has not accused anyone, he has not reproached anyone, he has not criticized anyone in this context. He has said--and this is nothing new--that the United States is working against the major Soviet project that involves the construction of a gas pipeline from Siberia to West Europe. He does so because he considers that the pipeline will be a license to print money for the Soviet Union and because he fears that West Europe will become dependent on Soviet energy. In this connection the Americans wanted to look into the possibility of supplies from Norwegian and Netherlands gasfields in the North Sea. They have raised the matter with Norwegian and, presumably, Dutch representatives. They have been told that in Norway's view the gasfields' projected life, for example, puts any such notions out of the question.

It is possible that this message has not found its way to the President's office in the White House. Nor can it be denied that President Reagan could have chosen his words a little more carefully, because he spoke in a way which could give the impression of a sort of U.S. or Western-allied right to dispose of Norwegian energy resources as it thought fit. This right belongs to Norwegian authorities. There is nothing more to be said on the matter.

In this context we will not make too much of the fact that those who are now crying loudest about U.S. pressure and interference in Norwegian affairs are those who have the firmest views about what the United States should and should not do on every domestic and foreign policy issue. The central point is rather that energy problems are becoming one of the most contentious issues in the cooperation between the United States and the country's West European allies. This reflects differences of opinion which are fundamental and which we will have to live with for a long time to come.

The present question has become acute--and it brings with it in its wake a large number of extremely troublesome legal problems as well as the political problems--because the U.S. Government has decided to ban deliveries of important parts for the Soviet gas pipeline. The U.S. Government also wants to extend its ban to cover the production under license of similar parts by European firms. There is every reason to believe that the irritation caused by this decision is out of proportion with the effect it will have. Technologically, the Soviet Union is far behind West Europe and the United States. But the Russians have built gas pipelines before, for their own use. And no matter what foundation there may have been for other criticism of former Secretary of State Alexander Haig, he was probably right when he said that the ban was wrong, because the gas pipeline would still be completed and the United States would only reap a harvest of unpopularity among the allies with whom the country wants to cooperate. This is the really worrying side to U.S. energy policy vis-a-vis other countries.

CSO: 3108/129

## 'BULVAR' ON CONTRADICTION STANDS IN ARAB SUPPORT

NC070935 Istanbul BULVAR in Turkish 4 Jul 82 p 3

["In a Gentlemanly Manner" column by Husamettin Celebi: "The Fact That Has Been Verified in Palestine"]

[Excerpt§] Arab countries undoubtedly are justified in appealing to all Muslims for help by saying: "Palestinian Muslims are being tyrannized by the Israelis. They have been rendered homeless." Obviously, this appeal is made mainly to the Turkish Muslim nation.

The Turkish Muslim nation and its republic, which is a secular state, believing that the Palestinians are oppressed and justified in their cause, has been supporting them right from the start. Although Turkey was one of the first states to recognize the State of Israel, it has reduced its political relations with Israel to the "lowest ebb," almost to the point of nonexistence. This is one side of the coin....

However, the coin has another side: The Turkish Cypriot community also is an Islamic community. This community also has been tyrannized by the Greek Cypriots and has suffered mass massacres. Tens of thousands have lost their homes. That they are now living in security in northern Cyprus is due to Turkey's decision to exercise its international right to intervene.

Unfortunately, apart from Iraq, no Arab state has been known to have expressed any disapproval of the oppression to which the Turkish Cypriot Muslims have been subjected. Nor is any Arab state known to have extended any serious material assistance to these Turks.

So we feel justified in asking, "Is it fair to raise a cry of lament where the Arab Muslims are concerned but adopt an indifferent attitude where Turks are concerned? Does God approve of this?"

A new situation now has arisen. To be more precise, a situation that has been proved beyond any shadow of a doubt: The terrorists, who have tried to set the Turkish Muslim people in Turkey against one another and to disintegrate the Turkish fatherland, were "being trained" in Palestinian camps. The Armenian terrorists--who have killed our diplomats who tried at international platforms to explain the tyranny inflicted on the Palestinians--were allowed to set up centers at Palestinian camps and to establish instrumental ties between

ASALA, the largest Armenian terrorist organization, and the Palestinian Liberation Organization. We now have proof of all these facts.

Turkey continues to support the oppressed people of Palestina as much from an Islamic point of view as from a humanitarian aspect. It must continue to do so. However, it is high time it asked the Arabs: Is this action by the PLO compatible with Islamic brotherhood? Doesn't this situation, which cannot be explained away, amount to animosity toward Turkey?

Turkey cannot maintain close friendship with an organization that is friendly with foreign enemies of Turkey and offers shelter and training to them. The state may attempt to show friendship but the Turkish nation will not accept it. It is high time the Arabs realized this.

CSO: 4654/379

END